



To Potential Candidates for the COAERS Board of Trustees:

Thank you for your interest in the City of Austin Employees' Retirement System (COAERS) Active Member Place 7 position. To declare yourself as a candidate for the position, complete the enclosed application and Candidate Disclosure form. **Your completed material must be received on or before 5:00 p.m. Central Time, September 15, 2023** via email to [michelle.mahaini@coaers.org](mailto:michelle.mahaini@coaers.org). We have enclosed the COAERS Bylaws and our Code of Ethics for you to keep for reference.

The COAERS Board is composed of eleven Trustees. Three of the eleven places (Places 7, 8 and 9) are reserved for active members who are elected from our active membership. To be eligible to run, you must be an active member currently contributing to COAERS and not on a leave of absence. Please know that employees currently employed by Austin Energy and Austin Water cannot run in this election since these departments are currently represented by Trustees holding Places 8 & 9 on the COAERS Board of Trustees.

The four-year term of office for Active Member Place 7 is January 2024 through December 2027. Serving on the Board will require a significant amount of time during your term if elected. We estimate that you will need to devote about fifteen (15) hours of your time a month on a variety of activities:

- Reading materials and preparing for Board and Committee meetings,
- Attending Board of Trustees meetings
- Attending Committee meetings (Trustees are assigned to at least one committee), and
- Attending work sessions and educational programs.

A Candidate Training Workshop has been scheduled for September 26, 2023 to provide candidates with information about serving on the Board of Trustees. Candidates will be given an opportunity to withdraw their application from the election at the conclusion of the workshop if they wish.

Proofread and sign your Application and Disclosure forms before you submit them. You may also submit a passport size photo (digital format is preferred) via email to [michelle.mahaini@coaers.org](mailto:michelle.mahaini@coaers.org). Again, thank you for your interest in the Trustee position. If you have any questions, please call us at 512-458-2551 ext. 111.

*Michelle Mahaini*

Michelle Mahaini  
Senior Services Officer

Enclosures

Application for Board of Trustees  
Active Member Place 7



**Instructions**

This application is designed to declare candidacy for an active member elected position of the Board of Trustees of the City of Austin Employees' Retirement System (COAERS). This application must be completed in its entirety and returned to COAERS on or before 5:00 p.m. Central Time, September 15, 2023 via email to [michelle.mahaini@coaers.org](mailto:michelle.mahaini@coaers.org). You must be an active-contributory member of COAERS to apply, which means that you are not on an authorized leave of absence and are making deposits to COAERS. Please know that employees currently employed by Austin Energy and Austin Water cannot run in this election since these departments are currently represented on the COAERS Board of Trustees.

**Candidate Contact Information**

Provide the information below. The address and contact information you provide will be used for official communication to you about your candidacy, the election, and the results of the election.

First Name		Middle Name	Last Name	
Mailing Address			City	State
Zip Code	Mobile Phone	Work Phone	Home Phone	
Work Email Address		Personal Email Address		

**Ballot Information**

The information you provide below will be used word for word on the ballot, subject to confirmation and adjustment by the Nominating & Election Committee at its discretion.

First Name	Last Name
Department	Position
Length of City Employment	

**Candidate Statement**

The information you provide below will be used word for word on material which accompanies the ballot and communication to voters (e.g. COAERS website, newsletters, etc.). You are limited to 100 words on each statement. You may attach an additional sheet if necessary.

First Name	Last Name
Department	Position
Length of City Employment	

**Relevant experience/qualifications: (100 WORD LIMIT; statement will be printed word-for-word)**

**State reason for wanting to serve on the Board of Trustees:** (100 WORD LIMIT; statement will be printed word-for-word)

**Candidate Statement Photo**

You may provide one photograph. A digital photo is preferred. A digital photo can be submitted via email to michelle.mahaini@coaers.org. The photo will not be on the ballot but will accompany your Candidate Statement included with the ballot and may be included in newsletters, the COAERS website, and other materials created for the election. You authorize COAERS to use your photo and publish it by submitting this Application.

**Candidate Affirmations**

I am an active member of COAERS. If elected, I will regularly attend meetings (Board, Committee, & Special) given my other responsibilities and commitments. If elected, I agree to complete an Annual Financial Disclosure/Conflict of Interest Affidavit. If elected, I agree to abide by the COAERS' "Code of Ethics."

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**Applicant's Signature**

**Date**

**Candidate Disclosure Form**  
 City of Austin Employees' Retirement System



**Purpose**

Board Approved Policy E-1 "Election Policy for Active-Contributory and Retired Board Members" requires candidates for positions on the City of Austin Employees' Retirement System (COAERS) Board of Trustees to identify and disclose certain relationships at the time that a candidate submits an application.

**Candidate Disclosure**

<b>First Name</b>	<b>Middle Name</b>	<b>Last Name</b>
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**Review the attached list of Trustees, Staff, and Election Committee members as well as the affinity and consanguinity chart. Then complete the information requested below for each statement. If you check "Yes" to any of the statements, write in the name of the person with whom you have the relationship.** Submit this form with your application returned to COAERS on or before 5:00 p.m. Central Time, September 15, 2023 via email to [michelle.mahaini@coaers.org](mailto:michelle.mahaini@coaers.org).

<b>Statement</b>	<b>No</b>	<b>Yes</b>	<b>Name of Person</b>
I have a business relationship* with an election committee member, a Trustee, or a COAERS staff member who is assisting with running the election.			
I am related within the third degree by affinity or consanguinity (see attached chart) to a member of the election committee, a Trustee, or a COAERS staff member who is assisting with running the election.			
I have given or received one or more gifts to or from a member of the election committee, a Trustee, or a COAERS staff member who is assisting with running the election within the previous 12 month period that in the aggregate exceeds \$100 in value.			
I am supervised by or I supervise a member of the election committee at the candidate's place of employment.			

\*A "business relationship" is defined as a connection between two or more parties based on commercial activity of one of the parties. "Business relationship" does not include interactions between two or more parties in their capacity as City of Austin employees.

**Candidate Signature**

I affirm that the above statement is true and correct.

\_\_\_\_\_   
 Candidate's Signature

\_\_\_\_\_   
 Date

**COAERS Board of Trustees**

Yuejiao Liu  
Michael Benson  
Kelly Crook  
Michael Granof  
Amy Hunter  
Dick Lavine  
Chris Noak  
Leslie Pool  
Anthony B. Ross, Sr.  
Brad Sinclair  
Diana Thomas

**COAERS Staff**

Ardiana Adil	Sarah McCleary
Jackie Becker	Deverett Morrow
Jenni Bonds	Rachel Muise
Teresa Cantu	Russell Nash
Bertie Corsentino	Ash Perry
Kelly Doggett	Catherine Pezulich
Cathy Edwards	Yun Quintanilla
Chris Hanson	Mehrin Rahman
Jay Inghram	Lovie Robinson-Laurant
Amy Kelley	Ty Sorrell
David Kushner	David Stafford
Michelle Mahaini	Lee Wilson

**2023 Nominating and Election Committee Members**

Vincent Wilson  
Shannon Flett  
Youqin (Lynn) Cui  
Gail Ray  
Rebecca Kennedy

**Alternates**

Courtney Colter  
Tiffany Rendon

**Affinity & Consanguinity Chart**

Relationship of Consanguinity			
	1st Degree	2nd Degree	3rd Degree*
<b>Person</b>	child or parent	grandchild, sister, brother or grand-parent	great-grandchild, niece,* nephew,* aunt,** uncle** or great-grandparent

\* A niece or nephew is related to a person by consanguinity only if he or she is a child of a brother or sister of the individual.

\*\* An aunt or uncle is related to a person by consanguinity only if he or she is the sibling of the person's parent.

Relationship of Affinity			
	1st Degree	2nd Degree	3rd Degree*
<b>Person</b>	spouse, mother-in-law, father-in-law, son-in-law, daughter-in-law, stepson, stepdaughter, stepmother or stepfather	brother-in-law, sister-in-law, spouse's grandparent, spouse's grandchild, grandchild's spouse or spouse of grandparent	spouse's great-grandchild, spouse's niece, spouse's nephew, spouse's aunt, spouse's uncle or spouse's great-grandparent

**Bylaws of the  
Board of Trustees of  
the City of Austin  
Employees'  
Retirement System  
Revised MARCH 31, 2022**

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**Bylaws of the Board of  
Trustees of the  
City of Austin  
Employees' Retirement System  
ADOPTED DECEMBER 12, 2017**

**ARTICLE 1  
Organization of the Board of Trustees**

**1.1 Authority.** The City of Austin Employees' Retirement System ("COAERS" or the "system") has been established pursuant to Article 6243n of Texas Revised Civil Statutes (the "Act"), which requires COAERS to have a Board of Trustees (the "Board") to administer COAERS and invest its funds. The assets of the COAERS pension fund are required by state and federal law to be held in trust for the exclusive benefit of plan participants and beneficiaries.<sup>1</sup> The Board of Trustees of COAERS is the trustee of all plan assets, is responsible for the general administration and operation of COAERS, and is authorized by law to adopt rules for the administration of COAERS and the transaction of the business of the Board.<sup>2</sup> The Board may, at its discretion, delegate authority to carry out the administration of the system but may not delegate the responsibility for the system. All powers of trusteeship are held in the Board's fiduciary capacity. The exercise or non-exercise of the Board's powers are subject to the fundamental duties of prudence, loyalty, and impartiality; to a duty to respect the terms and purposes of the system; and to other fiduciary duties of trusteeship. Although a trustee's duties, like trustee powers, may be affected by the terms of the trust, the fiduciary duties of trusteeship are subject to minimum standards that require the trustee to act in good faith and in a manner consistent with the purposes of the trust and the interests of the members and beneficiaries. These fundamental standards of trusteeship are implicit in and normally essential to the trust relationship.

**1.2 Composition.** The Board is composed of eleven members. Place one serves at the pleasure of the City Council of the City of Austin (the "governing body"). Place two serves at the pleasure of the City governing body or, in the case of the City Manager's designee, the City Manager, unless earlier terminated as provided in the Act. Places three through eleven serve for staggered four-year terms beginning on January 1 of the year after appointment or election unless earlier terminated by death, disability, resignation, removal, or loss of qualifications. Trustees are appointed or elected in accordance with statutory requirements.<sup>3</sup>

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<sup>1</sup> Texas Constitution, Art. 16, Section 67(a); 4(a) of the Act; Texas Government Code Section 802.203; United States Internal Revenue Code Section 401(a).

<sup>2</sup> See Section 4(q) of the Act.

<sup>3</sup> Sections 4(b) – (m) of the Act.



A trustee whose term expires or resigns shall continue to perform the duties of the office until his or her successor shall be duly qualified.<sup>4</sup> Limited exceptions to holding over in office may arise, one of which is the removal of an office holder as authorized by the Act.

**1.3 Chair of the Board of Trustees.** The chair shall:

- (a) Except as provided in Section 2.1.7, preside over meetings of the Board and perform such other duties as are assigned by statute, these Bylaws, or other action of the Board;
- (b) provide leadership to the Board;
- (c) address individual Trustee issues as appropriate;
- (d) encourage the Board's full discharge of its fiduciary duties according to adopted policies and procedures;
- (e) oversee Board governance and determine appropriateness of meeting discussion to the Board's policy making and monitoring role;
- (f) facilitate proper flow of information to the Board, reviewing adequacy and timing of material;
- (g) plan adequate time for effective study and discussion of business under consideration;
- (h) act as liaison between the Board and the Executive Director;
- (i) serve as the spokesperson for COAERS;
- (j) be the co-signatory on COAERS checks with Board vice chair;
- (k) be the signatory on contracts for banking services, Investment Managers, Investment Consultant services and other investment-related contracts, Auditor and Actuary services; and
- (l) serve at the pleasure of the Board.

**1.4 Vice Chair of the Board of Trustees.**

- 1.4.1** In case of the absence, death, resignation, disability, removal, or disqualification of the chair, the vice chair shall perform the duties of the chair until the chair shall resume his or her office or a successor chair has been appointed.

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<sup>4</sup> Texas Constitution, Art. 16, Section 17.

**1.4.2** The vice chair serves at the pleasure of the Board.

**1.5 Absence of Chair and Vice Chair.** In the case of the absence, death, resignation, disability, removal, or disqualification of both the chair and vice chair, the member of the Board with the longest service on the Board (considering all Board service), as certified by the executive director, shall exercise the duties of the chair, as acting chair, until the chair or vice chair shall resume his or her office or until a successor chair has been elected or a successor vice chair has been elected. In the event there are two or more members with equal length of service, an action of the Board shall designate an acting chair from among the members with equal length of service.

## **1.6 Chair and Vice-Chair Elections.**

**1.6.1** Each January, the Board shall elect a chair and vice-chair for one-year terms<sup>5</sup>.

**1.6.2** No Trustee may be elected to the chair or vice-chair position for more than two consecutive terms.

**1.6.3** A former chair or vice-chair will again become eligible for the position after the office has been held by another Trustee.

**1.6.4** In December prior to the January meeting in subsection 1.6.1, the Executive Director or designee will provide electronic notification to current and incoming Board members to call for nominations for the chair and vice-chair position. The notification will include a description of the nomination process, a list of all Board members eligible to serve as chair and vice-chair, and the deadline for nominations. One week before the nomination deadline, the Executive Director or designee will provide second electronic notification to Board members to again call for nominations for the chair and vice-chair position. This notification will include a list of all Board members eligible to serve as chair and vice-chair, a list of current nominees for each position, and the deadline for nominations.

**1.6.5** Nominations for the chair and vice chair of the Board shall be provided to the Executive Director or designee not later than two weeks before the date of the January meeting in subsection 1.6.1. A Board member may self-nominate for any such position. The Executive Director or designee will notify any Board member nominated for the chair and vice-chair position within 72 hours of such nomination unless that Board member self-nominated. Board members may withdraw from consideration at any time before the Board vote.

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<sup>5</sup> Ibid.

- 1.6.6** Board members may provide a written statement regarding their candidacy to be included in the Board materials distributed in advance of the January meeting in subsection 1.6.1. The Executive Director will notify all Board members nominated for the chair and vice chair of the deadline for such written statement. Board materials will include the list of candidates nominated for the chair and vice-chair positions as well as any candidate statements provided. Board members nominated for the chair and vice-chair positions may also make a verbal statement or provide a written statement prior to the Board vote.
- 1.6.7** Elections conducted in Board meetings shall be conducted in an open meeting by acclamation or by a roll-call vote pursuant to a motion that has been seconded.
- 1.6.8** When the position of chair or vice chair becomes vacant, the Board shall elect a Trustee to serve the remainder of the term for the vacant position at the next Board meeting for which notice can be given in accordance with the Texas Open Meetings Act (the "TOMA").
- 1.6.9** Subject to the provision that such persons serve at the pleasure of the Board, persons elected to the positions of chair and vice chair under this section serve for a term that expires upon the next election for that position or upon the person vacating his or her position on the Board due to death, disability, resignation, removal, or replacement by another Trustee by election or appointment.

**1.7 Responsibilities of the Board.** Board trustees are COAERS fiduciaries and shall discharge their duties in the exclusive interest of members and beneficiaries for the purpose of providing authorized benefits to participants and their beneficiaries. The Board shall:

- (a) establish and periodically review the COAERS mission in light of the Board's constitutional and statutory authority and set the strategic direction for its accomplishment;
- (b) adopt policies, resolutions, and bylaws as deemed appropriate for the administration of the system;
- (c) be responsible for the selection, job description, assignment of duties, performance evaluation, compensation, and discipline, including dismissal, of the executive director;
- (d) provide oversight and direction to the executive director to ensure that effective management practices are followed in the organization;
- (e) approve the annual administrative operating budget;
- (f) receive reports from the staff, investment consultant, and others regarding the investment portfolio;
- (g) review investment performance, asset mix, portfolio characteristics,

- cash flow, transactions, and monitor compliance with investment policies and guidelines;
- (h) ensure the establishment of a system for equitable and effective hiring, evaluation, compensation, and termination of employees;
  - (i) monitor and evaluate the effectiveness of the system;
  - (j) ensure an adequate working environment for staff members;
  - (k) establish committees as are necessary to make recommendations to the Board and help carry out the Board's responsibilities; however, such committees may not exercise authority required under these Bylaws or by state or federal law to be exercised by the Board as a whole, and the Board may consider or take any action otherwise specified to be taken or considered by a committee created pursuant to article 3 of these Bylaws;
  - (l) delegate authority to the staff through the executive director;
  - (m) consider appeals as provided in Board policy;
  - (n) consider applications for disability retirement in as required by the Act;
  - (o) maintain confidentiality as required by the Act and other applicable laws;
  - (p) select and evaluate an actuary to make periodic valuations of the system and provide other assistance to the Board as deemed necessary;
  - (q) select one or more custodian banks to provide custodial services for COAERS assets;
  - (r) be authorized to retain the services of one or more investment managers to invest and manage the assets of the system;
  - (s) be authorized to select and evaluate one or more investment consultants to provide such expert advice and assistance to the Board as the Board deems necessary to exercise its investment and trust administration responsibilities;
  - (t) be authorized to select and evaluate legal counsel to advise, consult, assist, and represent the Board with respect to any legal matter, issue, cause, or claim that comes before the Board or may affect the operation of the system;
  - (u) be authorized to select and evaluate other professional service providers such as auditors and medical review physicians;
  - (v) approve all contracts and engagement letters for professional service providers;
  - (w) assume responsibility for overall Board evaluation;
  - (x) delegate to the executive director the responsibility for administrative functions; and
  - (y) perform such other duties and responsibilities and exercise such authority provided for in the Act and applicable state and federal law.

**1.8 Trustee Responsibilities.** Individual trustees provide leadership and guidance by working together with other trustees to fulfill the mission of COAERS. Trustees shall:

- (a) devote the time required to fulfill the duties of a Board Trustee;
- (b) exercise reasonable judgment in all matters before the Board;
- (c) acquire and maintain the knowledge required to effectively evaluate those to whom duties are delegated;
- (d) avoid conflicts of interest and appearances of impropriety;
- (e) agree to comply with the terms of COAERS' Code of Ethics;
- (f) complete COAERS' Financial Disclosure/Conflict of Interest Affidavit;
- (g) follow the provisions of the Act and maintain confidentiality as required;
- (h) refer proposals or other communications regarding potential or existing investments or other contracts directly to the Executive Director;
- (i) comply with the requirements for training with respect to the Open Meetings and Public Information Act;
- (j) comply with state minimum education requirements;
- (k) conform to the Board's policies regarding governance, prudence, ethics, conflicts of interest, education, and travel;
- (l) avoid becoming involved in operational management except as requested by the Executive Director;
- (m) avoid campaigning or public endorsement of any City of Austin Employees' Retirement System's proposed legislative issues, other than supporting Board approved actions and/or recommendations for changes; and
- (n) assume responsibility for self-evaluation.

## **1.9 Board Travel.**

- 1.9.1** Members of the Board shall be reimbursed for allowable travel expenses as specified by Board policy.
- 1.9.2** Each Board member will receive, through the budget process, reimbursement of allowable Board travel expenses to attend conferences and other educational activities meeting the following criteria:
  - (a) The purpose of the expense is related to the business of COAERS and the Board;
  - (b) Attendance at the function will benefit the Board or a Board member in the exercise of COAERS responsibilities; and
  - (c) All trustees would be eligible to participate in the function.
- 1.9.3** Travel allocations are not compensation, nor are they in the nature of an allowance paid regardless of whether travel expenses are incurred.

## **1.10 Board Education.**

- 1.10.1** Each Board member shall comply with the minimum education requirements established by the State of Texas and with approved Board policies.

- 1.10.2** Trustees are encouraged to attend workshops and training sessions on such topics as fiduciary duties, actuarial matters, risk management, governance, benefits administration, ethics, investments, pension accounting, legal, and regulatory issues, which may enable the Board member to better fulfill trustee responsibilities to the system.

## **ARTICLE 2**

### **Meetings of the Board**

#### **2.1 Meetings of the Board.**

- 21.1** The Board shall meet as necessary to carry out its duties under the Act. The dates for regular meetings will be published annually in advance of the first regular meeting of each year or as soon thereafter as practicable. When necessary, and in addition to the provisions of this section of this article, the Board may add or cancel a regular meeting or change the date, time, or location of a regular meeting by call of the Chair, or by call of at least four members, or by action of the Board.
- 21.2** Special meetings of the Board may be held either upon the call of the chair of the Board or the call of at least four members of the Board, or upon action of the Board. A call by the chair or by other members of the Board must be communicated to the executive director within sufficient time to permit posting of the meeting as required by law. The call or action of the Board, as applicable, shall specify the date of each special meeting and may specify the time and place for each special meeting.
- 21.3** Meetings of the Board shall be held at a place designated by the agenda of each Board meeting, except as may be otherwise authorized by TOMA in the event of a catastrophe that prevents convening the meeting at the location stated in the agenda.<sup>6</sup>
- 21.4** Regular and special meetings shall begin at the time the chair calls the meeting to order; provided that the meeting shall be called to order no earlier than the time set forth in the agenda.
- 21.5** Emergency meetings may be called or emergency additions added to an agenda less than seventy-two (72) hours before a meeting in the same manner as special meetings, provided that the reason for calling the meeting qualifies as an emergency under the TOMA.<sup>7</sup> The Board member who initiates the call for an emergency meeting shall provide the executive director with the reason that an emergency meeting or

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<sup>6</sup> Section 551.0411, Texas Government Code.

<sup>7</sup> Section 551.045, Texas Government Code.

emergency addition to an agenda is requested. The executive director shall consult with the general counsel to confirm whether the reason qualifies as an emergency under the TOMA. The agenda for an emergency meeting or containing an emergency addition shall include language identifying the reason for the emergency meeting or emergency addition as required by TOMA.

**21.6** In addition to the provisions of subsection 2.1.3 of this article, a special or emergency meeting of the Board may be canceled or rescheduled, or the location of the meeting changed, only by action of the Board, by a call of at least four members of the Board, or by call of the Chair and the Vice Chair, communicated to the executive director within sufficient time for COAERS to comply with all posting requirements for the meeting. Unless a time has been specified in the call or action of the Board rescheduling the meeting, the chair may set the time of a rescheduled meeting, though any such time must meet all posting requirements of applicable law.

**21.7** If the Chair is not present at the physical location of the Board meeting, the Vice Chair shall serve as the presiding officer. If both the Board Chair and the Vice Chair are not present at the physical meeting location, the member of the Board with the longest service on the Board (considering all Board service), as certified by the Executive Director, who is present at the physical meeting shall serve as the presiding officer. In the event there are two or more members with equal length of service present at the physical meeting location, the presiding officer shall be the Trustee designated by agreement of the members present at the physical meeting location or by drawing lots.

## **2.2 Public Comment at Meetings.**

**221** The Board will allow reasonable opportunity for public comment to the Board on any issue under the jurisdiction of the Board. The chair may determine the total time to allot to public comments at a meeting of the Board.

## **2.3 Meeting Agendas.**

**231** The agenda for each Board meeting shall be set by the chair of the Board and when appropriate other Board members in consultation with the executive director. The executive director shall prepare and distribute to the Board the agenda and relevant written materials.

**232** Items may be submitted for inclusion on the agenda of any Board meeting by any Board member or by the executive director prior to posting. The executive director shall determine the initial order of the agenda items prior to posting. Board members desiring to add an agenda item shall submit it to the executive director by 5:00 p.m. not

later than the tenth COAERS business day before the meeting.

- 233** Agenda items may be added to a posted agenda by the chair, or by the executive director or by written request of any Board member with the consent of the chair, provided that the proposed addition is submitted to the executive director in time to post the amendment to the agenda in compliance with the TOMA. If the item is requested to be added less than 72 hours before a meeting, the request to add the item must include a valid reason for the emergency that allows posting less than 72 hours before the meeting under TOMA, as determined by the executive director in consultation with the general counsel, and allowed by the Chair.

**2.4 Notice of Meetings.** The executive director will cause meeting notices to be posted in compliance with these Bylaws and the TOMA.

**2.5 Board Attendance.** Trustees shall attend Board meetings to comply with or exceed the requirements of the Act<sup>8</sup>, which states that any Trustee who is absent from four consecutive meetings of the Board shall be removed from the Board and replaced.

**2.6 Auxiliary Aids or Services at Meetings.** Persons who do not speak English as their primary language or persons with disabilities may request auxiliary aids or services to be provided at a meeting, such as language interpreters or interpreters for persons who are deaf or hearing impaired, or readers or large print or Braille texts for persons who are visually impaired. If the request is made to the executive director with adequate advance notice before the meeting, the executive director shall cause reasonable accommodations to be provided to persons with disabilities to the extent required by law and may exercise discretion to determine any other accommodations to be provided.

## **2.7 Procedure.**

- 271** A quorum of the Board is six trustees. A quorum is required for the board to conduct business. A vote of six members of the Board is required for action or decision by the Board.<sup>9</sup> Abstentions are not counted in determining the outcome of a vote.

- 272** The most recent edition of *Robert's Rules of Order Newly Revised*, when not in conflict with other Board-adopted rules of procedure, these Bylaws, or applicable law, shall generally guide the rules of parliamentary procedure and order for the Board and its committees. The COAERS general counsel shall assist and advise the chair of the Board or of a committee regarding interpretation and application of the

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<sup>8</sup> Section 4(q) of the Act.

<sup>9</sup> Ibid.



rules of parliamentary procedure. The failure of the Chairperson and/or the Board to follow Robert's Rules of Order shall not create any right or violate any right of any Board Trustee, third party, member, person or citizen, or create or give rise to any due process claim for or on behalf of any such Board Trustee, third party, member, person or citizen.

- 273** The minutes of the Board shall contain each subject of discussion and deliberation, all motions, seconds, if any, and the vote, if any, on such motions. The minutes shall reflect the start and end times of meetings, and the time Trustees arrive and depart during the meeting. A certified agenda shall be kept for executive sessions in accordance with TOMA. Each Board member shall be given an opportunity to record in the minutes his or her vote on a motion and to have included in the minutes the reasons stated in the meeting for his or her vote.

## **ARTICLE 3**

### **Committees**

**3.1 Standing Committees.** In accordance with section 1.7 of these Bylaws, the Board may establish standing committees by amendment of this article. A quorum of a standing committee shall be a majority of the members of the committee. Any committee may convene in joint session with any other committee.

**3.1.1 Audit and Risk Committee.** The Board shall have an Audit and Risk Committee, which shall meet in accordance with its charter or at the call of its chair. The Committee shall assist the Board in fulfilling its fiduciary oversight responsibilities for financial reporting, engagements with external auditors, risk management oversight, and processes for monitoring compliance with laws and regulations.

**3.1.2 Benefits and Services Committee.** The Board shall have a Benefits and Services Committee, which shall meet in accordance with its charter or at the call of its chair. The purpose of the committee is to review, research, and make recommendations to the Board concerning benefits administration including the disability retirement program, plan provision interpretation and improvements. The Committee reviews and makes recommendations on disability applications to the Board; and approves the continuation of disability retirement benefits.

**3.1.3 Governance and Human Resources Committee.** The Board shall have a Governance and Human Resources Committee, which shall meet in accordance with its charter or at the call of its chair to consider and recommend policies and practices regarding Board governance and represent the Board on personnel issues in accordance with

approved personnel policy.

**3.1.4 Legislative Committee.** The Board shall have a Legislative Committee, which shall meet in accordance with its charter or at the call of its chair. The purpose of the committee is to monitor, research, and make recommendations to the Board regarding federal, state, and local legislative matters.

**3.1.5 Investment Committee.** The Board shall have an Investment Committee, which shall meet in accordance with its charter or at the call of its chair to assist the Board in fulfilling its fiduciary oversight responsibility for the investment assets of the System. The Committee is responsible for formulating the overall investment policies of the System, subject to approval by the Board, and establishing investment guidelines in furtherance of those policies for recommendation to the Board for adoption. The Committee monitors management of the portfolio for compliance with the investment policies and guidelines and for meeting performance objectives over time.

**3.1.6 Policy Committee.** The Board shall have a Policy Committee, which shall meet in accordance with its charter or at the call of its chair. The purpose of the Policy Committee is to consider and recommend general policy matters; monitor the implementation, compliance, and review of Board policies and guidelines.

**3.2 Special Committees.** Special committees other than standing committees established in section 3.1 may be created by action of the Board, which shall establish the purpose and responsibilities of the committee and may establish the term for which it shall exist.

### **3.3 Composition of Committees.**

**3.3.1** A committee will be composed of an odd number and at least five members of the Board unless otherwise provided by action of the Board or these Bylaws.

**3.3.2** The chair of the Board annually shall appoint, in consultation with the vice-chair, committee members for the remainder of the calendar year as soon as may be practicable after the Board's first regular meeting of the year. The chair of the Board may terminate or change committee assignments in consultation with the vice-chair.

**3.3.3** In accordance with the Act<sup>10</sup>, each Trustee will be required to serve on at least one Committee of the Board. In making appointments, the chair of the Board may consider the individual experience and rotation of appointments for professional development of Trustees. Trustees may request appointment to Committees in which they are interested.

**3.3.4** The chair of the Board shall designate the chair of each committee. Committee chairs serve as chair at the pleasure of the chair of the

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<sup>10</sup> Section 4(q) of the Act.

Board.

**3.3.5** The Policy Committee shall be composed of the chairs of all standing Board Committees.

**3.3.6** The chair of the Board may appoint an interim successor to the committee for a member whose Board term has expired or otherwise terminated, who is holding over as a Trustee, but who has resigned his or her committee position. Committee members hold over until a successor is appointed.

**3.4 Committee Agendas.** The agenda for each committee meeting shall be set in a manner similar to a Board meeting agenda, but with the committee chair and members having the same authority with regard to calling committee meetings and adding items to the committee agenda of committee meetings that the Board chair and members have with regard to the Board agenda of Board meetings.

**3.5 Committee Attendance.**

**3.5.1** Individual trustees shall attend assigned Committee meetings. Failure to consistently attend assigned Committee meetings may result in removal from the Committee by the chair of the Board.

**3.5.2** Any member of the Board may attend a meeting of a committee of which he or she is not a member but shall not vote. Because the attendance of six or more trustees at a Board committee meeting constitutes a quorum of the full Board, public notice of a committee meeting shall also be posted as a Board meeting under the TOMA in anticipation of a quorum of the full Board possibly attending the meeting. Also in compliance with the Open Meetings Act, a record shall be kept of the attendance of a quorum of the full Board at a Board committee meeting. The attendance of a quorum of the full Board at a Board committee meeting is not a regular, special, or emergency Board meeting under Article 2 of these Bylaws, relating to meetings of the Board. In addition, the attendance of a quorum of the full Board at a Board committee meeting is not a regularly scheduled Board meeting under the Act relating to grounds for removal of a trustee because of absence from Board meetings.

**3.6 Committee Chair Responsibilities.** The chair of a Committee shall:

- (a) provide leadership to the assigned Committee;
- (b) approve the schedule of Committee meetings;
- (c) approve Committee meeting agendas; if the Committee Chair is unavailable the Board Chair, then the Vice-Chair approves the agenda;
- (d) schedule appropriate minutes of the Committee meetings for approval, recording, and publication;
- (e) approve Committee minutes for inclusion in Committee materials;
- (f) meet with staff to discuss performance, contract provisions, and working relationships of professional service providers, and shall report findings

- and/or recommendations to the Committee; and
- (g) act as a liaison between the Committee and the Board.

### **3.7 Procedure.**

- 3.7.1** A quorum of a Committee is a majority of the number of trustees of the Committee. A quorum is required for the Committee to conduct business. A seconded motion of a Committee must be approved by a majority of the members of the Committee present and voting; provided that not less than a majority of the minimum number of members needed to constitute a quorum must vote in favor of the action or decision for it to be recommended to the Board. Abstentions are not counted in determining the outcome of a vote but are counted in determining a quorum. All Trustees are encouraged to attend and participate in all Committee meetings since extensive detail is discussed at the Committee level in consideration of any recommendations for Board action; however, only Committee Members may vote on actions taken by a Committee.
- 3.7.2** Unless specifically provided by Board action, Committee authority for action is limited to making recommendations to the Board.
- 3.7.3** If the Committee Chair is not present at the physical location of the Committee meeting, the Committee meeting, the Board Chair shall serve as the presiding officer. If both the Committee Chair and the Board Chair are not present at the physical meeting location, the Board Vice-Chair shall serve as the presiding officer. If the Committee Chair, the Board Chair, and the Board Vice-Chair are not present at the physical meeting location, the Trustee with the longest service on the Board (considering all Board Service), as certified by the Executive Director, present at the physical meeting location shall serve as the presiding officer. In the event there are two or more members with equal length of service present at the physical meeting location, the presiding officer shall be the Trustee designated by agreement of the members present at the physical meeting location or by drawing lots.
- 3.7.4** The conduct for each committee meeting shall be in a manner similar to a Board meeting as specified in Article 2.7.2.
- 3.7.5** The minutes of the Committee shall be set in a manner similar to Board meeting minutes, but with the committee chair and members having the same authority with regard to the minutes of committee meetings that the Board chair and members have with regard to the minutes of Board meetings.

## **ARTICLE 4**

### **Executive Director**

**4.1 Responsibilities of Executive Director.** The Board shall employ an executive director as required by law, with such duties as may be required by law of the chief executive officer and chief administrative employee of COAERS and with such other duties as may be established by the Board in its policies, resolutions, and other actions. In these Bylaws, the term “executive director” means the person appointed by the Board pursuant to Section 4(p) of the Act and these Bylaws.

**4.1.1** With respect to the operations of the Board itself the executive director shall:

- (a) make preparations for all meetings of the Board and its committees;
- (b) under the direction of the chair of the Board or a relevant committee, prepare and distribute the agendas and appropriate documentation for all meetings of the Board and its committees;
- (c) under the direction of the chair of the Board or of a relevant committee, post notices of all meetings and the subject matter thereof as may be required by law;
- (d) cause the secretary to the Board to record, prepare, and index the official minutes of the Board and its committees;
- (e) file and preserve all official documents, correspondence, and proceedings of the Board and its committees;
- (f) maintain the official copy of these Bylaws;
- (g) as directed by the Board, establish routine reporting mechanisms and procedures to the Board and prepare special reports to the Board; and
- (h) carry out other policies adopted by the Board.

**4.1.2** The executive director is the chief executive officer of COAERS and is responsible to the Board for the general administration of COAERS in accordance with relevant state laws and policies adopted by the Board. The executive director shall:

- (a) manage the daily operations of COAERS as its chief executive officer;
- (b) assume managerial responsibility and leadership for the planning, operation, supervision, and evaluation of programs and services;
- (c) assume authority and responsibility for the selection, job description, assignment of duties, performance evaluation, promotion, compensation, and discipline, including dismissal of all COAERS personnel;
- (d) prepare and submit an annual administrative operating budget for consideration by the Board;
- (e) administer member and personnel disputes in accordance with Board policy and the Act;

- (f) prepare recommendations for policies to be considered by the Board and oversee the implementation of adopted policies;
- (g) organize COAERS to accommodate its mission; and
- (h) perform such other duties assigned by the Board.

## **4.2 Miscellaneous Duties.**

**4.2.1** The executive director shall provide to members of the Board, as often as necessary, information regarding their qualification for office, including the Act Sections 4(b), 4(q), and 4(dd), and their responsibilities under applicable laws relating to standards of conduct for local government officers, and any amended, new, or successor statutes.

**4.2.2** The executive director shall provide to COAERS employees at the time of hiring information regarding their qualification for employment, including Texas Government Code Sections 573.001-.084 and their responsibilities under applicable laws relating to standards of conduct for public employees as may be applicable to those employees, including Texas Local Government Code Chapters 171 and 176, and Texas Penal Code Sections 32.43, 32.45, 36.02, 36.08, 36.10, 39.01, and 39.03, and any amended, new, or successor statutes.

**4.2.3** In accordance with Sections 4(q) and 4(dd) of the Act, the executive director shall notify the chair of the Board if he or she has knowledge that a potential ground for removal of a trustee exists. The executive director shall notify the vice chair if the trustee in consideration for potential grounds for removal is the chair.

**4.3 Absence of Executive Director.** If the executive director will be away from the COAERS headquarters for a brief period, as contemplated by section 4.4 of this article, the executive director may designate any senior management staff member to act in his or her stead generally or for a particular purpose. For unplanned absences short or long term, or in the event of a permanent change in the executive director's position, the Board will follow the guidelines established in the Board Approved Emergency Succession Policy.

**4.4 Delegating Responsibilities.** The executive director shall designate an employee of COAERS to serve as secretary to the Board to assist in the execution of duties enumerated in subsection 4.1.1 of this article and may assign other employees of COAERS as necessary to assist in carrying out these and other duties.

**4.5 Performance of the Executive Director.** The Board shall evaluate the performance of the executive director annually. The evaluation shall consist of methods developed by the Board.

## **ARTICLE 5**

### **Miscellaneous Organizational Provisions**

**5.1 Administration of COAERS.** The administration of COAERS is governed by these Bylaws, Board policies, and applicable state and federal law. In the event of a conflict between these Bylaws and applicable state or federal law, the applicable state or federal law shall govern to the extent necessary to resolve the conflict.

**5.2 Investments of COAERS.** COAERS investments are authorized to be made only in accordance with policies adopted by the Board and applicable state, federal, and foreign law.

**5.3 Custody of COAERS Trust Assets.** COAERS trust assets shall be entrusted to one or more custodians only in accordance with policies and other actions of the Board and applicable state law. The Board shall select the custodian or custodians to hold COAERS trust assets.

**5.4 Budgets and Fiscal Year.** The budgets of the pension trust fund and any other trust funds administered by COAERS are adopted by the Board and may be amended by the Board in subsequent meetings. The COAERS fiscal year shall begin January 1 and shall end the following December 31.

**5.5 Title to and Ownership of Assets.** Accounts or assets of COAERS may be held in the name of COAERS, a nominee, or other agent in accordance with state law. The assets of COAERS shall not be considered at any time to be assets of the state, the City of Austin, or any employer of COAERS members but are to be held in trust for the exclusive benefit of COAERS members, annuitants, beneficiaries, or other trust participants.

**5.6 Authority to Act for COAERS.** The Board delegates authority for the following administrative matters:

- (a) contracts for the purchase of goods and services, to the executive director or his designee in accordance with the budget, and contracts for goods and services that are not provided for in the budget that do not exceed, in the aggregate, \$50,000;
- (b) release of assets held in the name of COAERS, its nominees, or other agents, in accordance with actions of the Board;
- (c) execution of vouchers for payment of COAERS funds, in accordance with actions of the Board; and
- (d) initiation, defense, and settlement of lawsuits and other claims, to the executive director or his designee, in accordance with applicable actions of the Board.

**5.7 Fixed Asset and Non-Capitalized Equipment Disposal.** The Executive Director may declare fixed system assets and non-capitalized equipment as surplus items due to obsolescence and/or having de minimis value to the system and establish standard operation procedures (the “Asset Disposal SOP”) for disposal of such assets. The assets shall be disposed of in accordance with the Asset Disposal SOP. The results of disposal will be reported to the Board.

**5.8 Personnel Policies.** COAERS personnel policies shall be issued and disseminated to all employees by the executive director and revised from time to time, in compliance with Board policies and state law. COAERS is an at-will employer.

## **ARTICLE 6**

### **Amendment of Bylaws**

**6.1 Amendment of Bylaws.** These Bylaws may be amended only by a vote of at least six Trustees of the Board at any duly posted meeting of the Board for which notice of consideration of the proposed amendment has been properly given under the Open Meetings Act.



## Board Approved Policy

Subject: Code of Ethics

Review Committee: Policy Committee

Date Implemented: March 18, 1992

Date Updated:

December 15, 2020  
March 31, 2020  
September 27, 2016  
September 22, 2015  
September 25, 2007  
September 27, 2005  
July 24, 2001  
May 23, 2000 (Adopted as Board Approved Policy)  
January 26, 1999  
May 23, 1995

Signature of Chairperson:



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Eyna Canales-Zarate

**CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM  
BOARD APPROVED POLICY  
CODE OF ETHICS**

**I. PURPOSE AND SCOPE**

The City of Austin Employees' Retirement System ("COAERS" or the "System") is charged by the Texas Constitution and state law with the administration of pension assets held in trust for the members and beneficiaries of COAERS. Because COAERS is charged with the administration of assets of third parties (members and beneficiaries), the law imposes a fiduciary duty upon those persons in control of those assets to manage the assets for the exclusive benefit of the members and beneficiaries of the System.

The purpose of this Policy is to ensure the integrity of all COAERS investment and administrative transactions and conformity with fiduciary, ethical, and legal standards by the Board of Trustees (the "Board"), Key Staff, Professional Service Providers, and independent contractors of COAERS. This Policy outlines basic principles, guidelines, and standards of conduct expected of the persons governed by this Policy in the performance of their duties and activities, to prohibit conduct that is inconsistent with fulfilling one's fiduciary duty, and to instill and maintain a high level of confidence on the part of the public in the professionalism, integrity, and commitment to the public interest of those who serve. This Policy is further intended to establish procedures that will identify, reveal, and manage conflicts of interest. Maintaining the public's trust requires more than adherence to minimal legal standards. Persons governed by this Policy will act with integrity, competence, dignity, and in an ethical manner when dealing with the public, participants, prospects, employers, employees, and each other.

Many of the provisions described in this document are based upon legal and fiduciary precepts; however, this Policy should not be interpreted as one that outlines the complete and exclusive legal and fiduciary responsibilities of the persons governed by this Policy. Persons governed by this Policy must abide by all applicable federal and state laws, contracts, COAERS policies, and this Policy. In the case of any conflict between this Policy and state or federal law, the applicable state or federal law shall prevail.

If any person governed by this Policy has any questions about the requirements of this Policy, the person should contact the Executive Director or General Counsel.

## II. RESPONSIBILITIES

- A. Board of Trustees: The Board assigns responsibility to the Policy Committee to review this policy as needed and oversee its implementation. The Board will receive the Policy Committee's report and recommendation regarding this Policy and make the final decision regarding all recommended changes to this Policy.
- B. Policy Committee: The Committee will periodically review and recommend updates to this Policy after receipt of any legislative, court or administrative applications of laws forming the basis for this Policy, and as otherwise advisable.
- C. Executive Director: The Executive Director shall implement and administer as necessary standard operating procedures to assist and monitor the System's compliance with this Policy.

## III. DEFINITIONS

As used herein, the following terms shall have the following meanings:

- A. "Act" shall mean article 6243n, Texas Revised Civil Statutes, as amended from time to time.
- B. "Benefit" shall mean anything reasonably regarded as economic gain or advantage, including benefit to any other person in whose welfare the beneficiary is interested.
- C. "Board" shall mean the Board of Trustees of COAERS. Individual members of the Board shall be referred to as Trustees.
- D. "Conflict of Interest" occurs where a person has, or could reasonably be perceived to have, an incentive to decide a matter or provide a recommendation for a reason that would be inconsistent with acting solely in the interest of COAERS, or that would provide a financial benefit to the person. It also includes a personal or business relationship or interest that could reasonably be expected to diminish the person's independence of judgment in the performance of the person's responsibility to COAERS.
- E. "Fiduciary" shall mean any person who (1) exercises any discretionary control over the management of COAERS or any authority or control over the management or disposition of its assets, (2) renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of COAERS or has any authority or discretionary responsibility to do so, (3) has any discretionary authority or discretionary

responsibility in the administration of COAERS; or (4) has been designated by the Board as a fiduciary in the performance of certain duties for COAERS.

- F. “Frivolous Complaint” means a complaint filed without a reasonable inquiry by the person making the complaint concerning the truthfulness of the facts stated therein, and which the Board determines was groundless and made in bad faith or groundless and brought for the purpose of harassment.
- G. “General Counsel” shall mean the person or persons employed as general and assistant general counsel(s) for the System.
- H. “Gift” is anything of tangible value given without adequate consideration and shall include but not be limited to any payment of cash, or receipt of goods or services.
- I. “Immediate family” refers to those related by the first degree of affinity or consanguinity to the System Representative or any person living in the same household.
- J. “Investment Managers” shall mean the investment managers investing assets of the System.
- K. “Key Staff” shall mean the Executive Director, the Chief Financial Officer, the Chief Investment Officer, the Chief Operations Officer, Chief Technology Officer, and any other COAERS employee or Professional Service Provider designated in writing by the Executive Director.
- L. “Malfeasance” is the willful misconduct or the knowing improper performance of any act, duty, or responsibility under the Act, including non-performance, that interrupts, interferes with, or attempts to interfere with the administration, operation, and management of the System or any Person’s duties under the Act.
- M. “No Contact Period” shall mean the period of time from the date of issuance of a Solicitation until a contract is executed or the Solicitation is terminated.
- N. “Official Capacity” shall mean a Person’s role with respect to their position when acting on behalf of or in service to COAERS.
- O. “Person” shall mean an individual, partnership, corporation, association, limited liability company, or other group, however organized.
- P. “Personal Interest” shall mean with respect to a person governed by policy that the results of Board discussions and/or votes would effect, or could

affect, that person, any member of that person's immediate family, or any other entity in which that person has an ownership or other financial interest. Provided, however, an interest which is shared in common with the other System Representatives and System Members in approximately the same degree shall not be considered a Personal Interest.

- Q. "Placement Agent" is any person or entity hired, engaged or retained by or acting on behalf of an external Investment Manager or investment fund or on behalf of another Placement Agent as a finder, solicitor, marketer, consultant, broker, or other intermediary to raise money or investments from or to obtain access to the System, directly or indirectly.
- R. "Professional Service Provider" shall mean any attorney, actuary, investment consultant, auditor, custodian of funds, medical doctor, or member of any other similarly recognized profession that contracts or is employed to provide services to the System, except as specifically provided otherwise herein.
- S. "Representation" shall mean a communication related to a Solicitation made to a Trustee that is intended to or that is reasonably likely to (a) provide information about the Solicitation or a prospective Vendor's response to the Solicitation; (b) advance the interest of the prospective Vendor; (c) discredit the response to a Solicitation of another prospective Vendor; (d) encourage COAERS to withdraw the Solicitation; (e) encourage COAERS to reject all of the responses to a Solicitation; (f) convey a complaint about a particular Solicitation; or (g) directly or indirectly ask, influence, or persuade a Trustee to favor or oppose, recommend or not recommend, vote for or against, consider or not consider, or take action or refrain from taking action on any vote, decision, or agenda item regarding the Solicitation.
- T. "Solicitation" shall mean an opportunity to compete to conduct business with COAERS.
- U. "System Member" shall mean any and all individual members (as that term is defined by state law) of COAERS.
- V. "System Representatives" shall mean the Board of Trustees and Key Staff of COAERS.
- W. "Vendor" shall mean independent contractors, whether individuals, partnerships, corporations or other organizations which perform services for COAERS for direct or indirect compensation.

#### **IV. FIDUCIARY STANDARDS OF THE BOARD AND SYSTEM REPRESENTATIVES**

- A. The Board shall hold, administer, and manage the assets of the System, for the exclusive purpose of providing benefits to present and future participants and their beneficiaries and defraying reasonable expenses of administering the System or program.
- B. System Representatives shall:
  - 1. Act solely in the best interest of the System and the members, beneficiaries, and participants of COAERS;
  - 2. Act with prudence, competence, independence, and objectivity;
  - 3. Adhere to laws, rules, regulations, bylaws, and policies adopted by the Board in overseeing investments, pension administration, and general operation;
  - 4. Act in a transparent manner in Board and Committee meetings and in other consultations and meetings when deliberations of official COAERS business take place;
  - 5. Maintain confidentiality when required to do so by law or contract;
  - 6. Cooperate fully if questioned about an ethical matter related to COAERS; and
  - 7. Refrain from prohibited and conflicted actions.
- C. No System Representative or Professional Service Provider shall knowingly or negligently participate in the breach of fiduciary duty by another fiduciary of the System, participate in concealing such breach, or knowingly or negligently permit such breach to occur. It is the responsibility of each person to immediately disclose the discovery of a breach to the Executive Director. It is the responsibility of the Executive Director to disclose the discovery to the Board Chair for appropriate action. If the breach involves the Executive Director, the breach shall be reported to the General Counsel and the Board Chair.

#### **V. ETHICAL CONDUCT**

##### **A. General Standards of Conduct**

- 1. All members, beneficiaries, and participants of COAERS are to be treated equally and fairly. A Trustee's duty is to the members, beneficiaries, and participants of COAERS as a group, and not to individuals or groups of individuals.
- 2. Trustees must delegate duties, when appropriate, to prudently select, instruct, and monitor all vendors and agents.

3. All System Representatives and Professional Service Providers must act in good faith and not allow their Personal Interest to prevail over the interest of COAERS.
4. Every System Representative and Professional Service Provider shall conduct themselves so as to avoid even the appearance of any illegal or unethical conduct, and shall at all times do the utmost to carry out their duties with courtesy and in a professional manner.
5. Professional Service Providers shall comply with both the ethics standards and requirements of their profession and with this Policy, as well as any state or federal laws applicable to the Professional Service Providers.
6. System Representatives shall disclose to the Board all visits by a person that attempts to influence the System Representative in the performance of his or her Official Capacity. The disclosure shall be made at the next open Board meeting following the visit, provided that if such reporting System Representative does not attend the next Board meeting, the System Representative shall make the report in writing to the Executive Director within 30 days after the date of such Board meeting. This provision does not apply to visits between and among Board Trustees, COAERS employees or System Members. Furthermore, this provision does not apply to business discussions between COAERS employees, independent contractors, Investment Managers, and Professional Service Providers.
7. No System Representative shall solicit or accept employment to be performed or compensation to be received which could reasonably be expected to impair independence in judgment or performance of duties with COAERS, or that might reasonably be expected to require or induce the System Representative to disclose confidential information acquired by reason of the official position.
8. No System Representative shall use their position to secure a special privilege, for financial gain, or avoiding consequences of illegal acts for themselves or a third party, or to secure confidential information or use such information for any purpose other than to fulfill responsibilities in their Official Capacity
9. No System Representative may solicit, accept, or agree to accept any benefit from a person the System Representative knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of the System Representative's discretion.

10. No System Representative shall accept, solicit, or use their position to garner any gift, favor, or service that might reasonably tend to influence that individual in their Official Capacity.
11. No System Representative shall use COAERS facilities, personnel, equipment, or supplies for any personal benefit, or for any private or commercial purpose, except to the extent such are lawfully available to the public.
12. No System Representative shall knowingly participate or assist in any violation of such policy, procedures, laws, rules or regulations.
13. No System Representative shall engage in malfeasance. The retirement Board may remove a board member for Malfeasance, after notice and a hearing, by a vote of six of its members.
14. In the event of a conflict between this Policy and a more restrictive ethics rule or policy that may be applicable to Trustees who are employees or officers of the City of Austin, the Trustee shall comply with the more restrictive policy.

## **B. Prohibited Transactions**

1. No System Representative shall knowingly or negligently engage in the purchase, sale, or exchange of any direct investment or property with the System if that person holds an interest in the investment or property.
2. No System Representative shall use their position with the System to solicit business for their own account or the account of an immediate relative or business associate.
3. Acceptance by a System Representative of any "favor" or complimentary work or analysis, offered or performed by a current or prospective contractor or Vendor of the System, intended to benefit personally the involved System Representative is prohibited.
4. No System Representative shall, directly or indirectly, for himself/ herself or as an agent, in any manner use the funds or deposits of the System except to make such current and necessary payments as are authorized by the Board.
5. No System Representative shall become an endorser or surety or in any manner an obligor for money loaned by or borrowed from the System.
6. System Representatives shall not accept offers by reason of their position with the System to trade in any security or other investment on terms



more favorable than those available to the general investing public.

7. System Representatives shall not borrow from Vendors, Investment Managers, Professional Service Providers, banks or other financial institutions with which the System has a business relationship, unless such entities are normally engaged in such lending in the usual course of their business.
8. No System Representative shall serve as a Placement Agent in connection with any System investment.
9. With the exceptions of the purchase of water, wastewater, electric, telephone, cable television and internet services, the System will not make any purchase or enter into any contract with: (1) any entity in which a System Representative, or a family member related within the first degree of affinity or consanguinity to the a System Representative, has an employment or business relationship that results in taxable income to the System Representative, or family member; or (2) any entity that has given gifts (having an aggregate value of \$250 or more) within the prior twelve months to the System Representative, or a family member of the System Representative. This prohibition does not apply to contracts between the System and the company that employs a Professional Service Provider.
10. No System Representative shall knowingly or negligently cause the System to engage in any of the prohibited transactions listed above with any immediate relative or business associate of the System Representative, any other Trustee, COAERS employee, Vendor or Professional Consultant to the System, any other fiduciary of the System, any person providing services to the System, any employee organization whose members are covered by the System, or its officials and employees.

### **C. Acceptance of Gifts/Benefits**

1. System Representatives shall not solicit, accept or agree to accept any gift, favor, or service that might reasonably tend to influence the System Representative in the discharge of their official duties or that the System Representative knows or should know is being offered with the intent to influence the System Representative's official conduct. Gifts valued at less than \$50 may be accepted provided they do not influence a System Representative's decisions, including the following examples: tokens of nominal value, including meals, transportation, lodging, or entertainment, that are distributed to all attendees at conferences, seminars, meetings, and receptions. All gifts must be reported at the next open Board meeting. A System Representative that is required to make a report under this section but does not attend the next Board meeting shall make

the report in writing to the Executive Director within 30 days of the date of the Board meeting.

2. If any person offers any gift, favor, or business opportunity to a System Representative, and there is reason to believe that the offer was made with the intent to influence the System Representative's action in connection with COAERS, the System Representative shall, as soon as practical, notify the Board of such offer.
3. No System Representative will travel at the expense of, be entertained by, or accept a meal from any person that is offered or accepted with the intent to influence the System Representative's action in their Official Capacity. With respect to meals and transportation provided to System Representatives during a COAERS-organized meeting with or business trip to visit persons doing business with or seeking to do business with COAERS, a System Representative is in compliance with this section if COAERS reimburses the person for any meal or transportation provided by such person. Any travel, entertainment, or meal that is accepted and not reimbursed must be disclosed to the Board at the next open Board meeting.
4. The acceptance by Staff of invitations to seminars, conferences, receptions and business meals when (1) such event has a presentation or discussion of topics pertinent to the investment of Fund assets or relates to the official duties of the individual and (2) the sponsor or a representative of the sponsor is present are permitted if not otherwise prohibited by law. This exception also applies to the acceptance of transportation, lodging and meals in connection with conferences, seminars, and advisory committee meetings where the services rendered by Staff are more than merely perfunctory and in accordance with applicable laws. In all cases, Staff should use reasonable care and judgment to not place themselves in a situation that might cause, or be perceived to cause, a loss of independence or objectivity. Any acceptance by Staff of such invitations and participation as allowed by this section must be disclosed to the Board at the next open Board meeting.

#### **D. Conflicts of Interest**

1. System Representatives should make reasonable efforts to avoid conflicts of interest and appearances of conflicts of interest.
2. System Representatives shall not make personal investments that could reasonably be expected to create a conflict of interest between the System Representatives' private interest and the interest of the System.

3. System Representatives shall refrain from participating in any discussions with another Trustee or System employee and/or vote on any issue on which said System Representative has a Conflict of Interest, or has the potential for a Conflict of Interest with COAERS, and shall further refrain from discussing, or voting on issues in which said System Representative has a Conflict of Interest or a Personal Interest whether or not said interest is in conflict with the interest of COAERS. In any matter coming before the Board in which a System Representative has a Personal Interest or a Conflict of Interest, or an existing or potential Conflict of Interest with COAERS, said person shall make public note of the Personal Interest and/or Conflict of Interest, and shall recuse himself or herself from participating in any discussions, votes, or other decision making on the matter. (Refer to **Attachment A** and **Attachment B** for forms). If a System Representative is not sure whether their interest constitutes a Personal Interest or Conflict of Interest as defined in this Policy or whether their interest is in conflict with COAERS, such person shall fully disclose their interest and the decision of the Board with respect to whether the System Representative has a conflict shall be controlling. Notwithstanding the above, an officer, employee, independent contractor, Vendor or Professional Service Provider of the System may discuss with the Board and other persons governed by this Policy his or her employment, employment agreement, or agreement for services.
4. No System Representative shall transact any business in his/her Official Capacity with any entity in which they have any Personal Interest or Conflict of Interest, provided that Professional Service Providers and independent contractors shall transact business with their employer as necessary to fulfill their duties to both the employer and/or the System.
5. (a) A Trustee shall file with the Records Administrator the affidavit set forth in **Attachment B** prior to each meeting at which discussion on a matter which gives rise to a Conflict of Interest under Chapter 171, Texas Local Government Code will be discussed. The Trustee will then recuse themselves from discussion on the matter. Conflicts of interest that require disclosure and recusal described in this section arise:
  - (i) In the case of a substantial interest in a business entity, when the Board's action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
  - (ii) In the case of a substantial interest in real property, when it is reasonably foreseeable that the Board's action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
- (b) A person has a substantial interest in a business entity if:

- (i) the person owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity; or
- (ii) funds received by the person from the business entity exceed 10 percent of the person's gross income for the previous year.

(c) A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.

(d) A Trustee is considered to have a substantial interest under this section if a person related to the official in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has a substantial interest under this section.

6. Under Chapter 176, Texas Local Government Code, Trustees, the Executive Director, and Local Government Officers (referred to in this section as "local government officer" or "officer") are required to complete and file the Conflicts Disclosure Statement set forth in **Attachment D** with the Records Administrator under the circumstances set forth in this section. [Refer to **Attachment C** for definitions of terms used in this Section and Chapter 176.]

(a) A Vendor with whom COAERS enters a contract or is considering entering a contract:

- (i) Has an employment or other business relationship with the local government officer, or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:
  - (aa) A contract between the local governmental entity and vendor has been executed; or
  - (bb) The local governmental entity is considering entering into a contract with the vendor;
- (ii) Has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:
  - (aa) a contract between the local governmental entity and vendor has been executed; or
  - (bb) the local governmental entity is considering entering into a contract with the Vendor; or
- (iii) Has a family relationship with the local government officer.

7. Sections V.E.4. and V.E.5 above generally describe the requirements of Chapters 171 and 176, Texas Local Government Code. If any person governed by said sections has a question about the application of Chapter 171 or 176 or wishes to review the full statute, the person should contact the Executive Director or General Counsel.
8. Notwithstanding anything in this policy to the contrary: (1) neither the System, the Executive Director, nor the Trustees shall be responsible for the failure of any vendor or service provider to comply with Chapter 176; (2) all Vendors and Service Providers have a statutory duty to file the required questionnaires.
9. If any Trustee, Executive Director, General Counsel, or COAERS employee becomes aware of any facts that would require the Executive Director, a Trustee, or an Officer to file the disclosures required by Chapter 171 or Chapter 176, or that gives rise to a Personal Interest or Conflict of Interest, they shall promptly notify the person of the requirement to file such disclosure or disclose such Personal Interest or Conflict of Interest, and, if such disclosure is not filed within the time required by law, the Board shall be notified in writing of the requirement for such disclosure.

#### **E. Curing Conflicts of Interest**

1. All System Representatives who become aware of a personal Conflict of Interest have an obligation not only to disclose that conflict, but to cure it. A person normally cures a conflict of interest by promptly eliminating it.
2. A System Representative can cure a conflict by prudently withdrawing from action on a particular matter in which a conflict exists provided that:
  - (a) The person may be and is effectively separated from influencing the action taken;
  - (b) The action may be properly taken by others; and
  - (c) The nature of the conflict is not such that the person must regularly and consistently withdraw from decisions that are normally their responsibility with respect to the System.
3. Trustees must disclose any Conflicts of Interest regarding matters which are before the Board, absent themselves from any relevant deliberations, and not vote on the matter. Such Trustees may be required to disclose additional relevant information with respect to the matter in question.

#### **F. Conduct During Vendor Searches**

1. During the No Contract Period, no prospective Vendor may knowingly make a Representation to any Trustee, and no Trustee may knowingly solicit a Representation from a prospective Vendor. This section does not prohibit communications that: (a) are part of a noticed

Board or Committee meeting; (b) are conducted as part of a COAERS Staff-scheduled due diligence meeting; (c) are incidental, exclusively social, and do not involve COAERS or its business, or the Trustee's role as a COAERS official; (d) are purely procedural, for example a question regarding where information may be obtained; or (e) do not involve COAERS or its business and that are within the scope of the Trustee's private business or public office wholly unrelated to COAERS. This Section does not prohibit communications between the Trustees and a Vendor who has an existing contract or business relationship with COAERS to discuss issues related to that contract or relationship. Trustees shall disclose any Representations on the form attached hereto as Attachment A at the next Board meeting, or if the Trustee will not attend then next Board meeting, within 30 days of the Representation having been made. A prospective Vendor's violation of this section may result in rejection of the Vendor's response to a Solicitation.

2. During the evaluation of any prospective Vendors, COAERS Staff shall not communicate or meet with prospective Vendors outside of the normal course of business managing the Solicitation. This section does not prohibit communications between COAERS staff and a Vendor who has an existing contract or business relationship with COAERS to discuss issues related to that contract or relationship. The Solicitation shall include notice of the requirements of this Section F. The Executive Director will cause notice to be given to the Trustees and COAERS Staff when a No Contact Period is in effect.
3. Trustees and COAERS staff cannot accept from a prospective Vendor any gift, meal, lodging, transportation or entertainment. A prospective Vendor cannot provide a Trustee or COAERS Staff with any gift, meal, lodging, transportation or entertainment.
4. When requesting bids or proposals from service providers, Vendors and suppliers, the System should generally include notice that a completed Conflicts of Interest Questionnaire (the "Questionnaire") required by Chapter 176, Texas Local Government Code, as amended ("Chapter 176"), must accompany any bid or proposal and that a copy of such Questionnaire must also be filed with the System's Records Administrator. The notice may include the email or website address at which the bidder or proposer can obtain an electronic copy of the Questionnaire. The Systems' Records Administrator shall maintain a list of the names of the Trustees, the Executive Director, and those consultants and employees who meet the definition of a "local government officer", as defined by Chapter 176, Texas Local Government Code, as amended from time to time for each proposed contract, bid, or proposal, and shall make the list available to the public and any Vendor who is required to file a Questionnaire. Access to the

Disclosure Statement form and Questionnaire forms shall be maintained on the System's website. Prospective Investment Managers shall be required to complete the Questionnaire at such time requested by COAERS. Vendors shall also disclose the hiring of any System Representative within the past twelve months.

5. Unsolicited offers and advertisements of goods, services and proposals received by the System should generally not be considered until such time, if any, as a completed Questionnaire is provided. If a Questionnaire is not submitted with any bid or proposal, the System may request a completed Questionnaire be timely filed with the System. No unsolicited offer or proposal is required to be considered. Trustees should refer unsolicited offers or proposals to the Executive Director.

## **VI. ADDITIONAL DISCLOSURES AND REPORTING**

**A. System Representatives.** Every System Representative shall file a current "Annual Financial Disclosure Statement/Conflict of Interest Affidavit" on the form attached in **Attachment F** with the System in January of each year. The Affidavit shall require the System Representative to report the name of each such entity in which they or a family member related within the first degree received any taxable income as a result of employment or a business relationship with such entity. The System Representative shall thereafter file an amended Affidavit if such an entity that is not listed in the Affidavit contracts or seeks to contract with the System.

**B. Investment Consultants.** Investment Consultants will annually file a report with the System that reflects the following information:

1. Any finders fees, commissions or similar payments, made to anyone whomsoever as consideration for the placement of business with the consultant;
2. Any gifts, food, lodging, transportation, or entertainment expense which does not conform with the minimum reporting limitation contained in this Policy for the recipient;
3. Any direct or indirect benefit to a System Representative, Professional Service Provider, or Investment Manager other than food, lodging, transportation, or entertainment provided as a guest;
4. Any business relations (including, without limitation, "soft dollar" or "hard dollar" arrangements), with any Investment Managers that commenced, occurred or were in effect at any time since the last such report;
5. The extent, amount and placement of any directed business, other than directed brokerage placed in accordance with a policy adopted by the

Board which was in any way associated with the party's relationship with the System;

6. Investments made by the Investment Consultant and its affiliated companies, and by the individuals who service COAERS's account with the Investment Consultant in stocks, companies, funds, and Investment Managers that manage COAERS assets; and
7. Any other information reasonably requested by COAERS.

**C. Investment Managers.** In addition to the reports required to be filed under the Statement of Investment Policy, Investment Managers will annually file a report with the System that reflects the following information:

1. Any personal or business relations (including, without limitation, "soft dollar" or "hard dollar" arrangements) with any System Representatives or Professional Services Providers that commenced, occurred or were in effect at any time since the last such report that the Investment Manager has with any System Representatives or Professional Service Providers.
2. Whether any System Representative or Professional Service Provider has an interest in the Investment Manager, in a COAERS investment or fund strategy, or is entitled to any fees, commissions, dividends, distributions, equity or equity-linked interests, or any other benefit as a result of a COAERS investment in a fund or a contract to manage a COAERS separate account managed by the Investment Manager.
3. Any gifts, food, lodging, transportation, or entertainment expense which does not conform to the minimum reporting limitation contained in this Policy for the recipient.
4. Any other information reasonably requested by COAERS.

**D. Vendors.** Current Vendors will annually disclose whether a System Representative has been hired by the Vendor within the preceding 12 month period. Current Vendors will also update the Chapter 176 Questionnaire within seven days of the Vendor becoming aware of the occurrence of one of the events described in Section 176.006(a), Texas Local Government Code.

## **VII. ETHICS TRAINING**

1. A person newly elected or appointed to the Board must complete an ethics training program that meets the ethics training requirements for public retirement system trustees and that includes training on this Policy, which shall be administered by the Executive Director or General Counsel within 90 calendar days after election or appointment.



2. Bi-annually, Staff shall make available to the Board training that meets the State minimum educational training requirements for ethics training for public retirement system trustees. The Executive Director will provide ethics training as requested by members of the Board.
3. Annually, Trustees and Key Staff shall acknowledge that they have read, understand and will comply with this Policy on the form set forth in **Attachment G**.

## **VIII. ENFORCEMENT**

1. Complaints
  - a. Upon the sworn complaint of any System Representative, COAERS employee, Professional Service Provider, or System Member (the "Complainant") delivered to the Board or the Retirement Office, the Board shall consider possible violations by the person or persons named in the complaint.
  - b. A sworn complaint alleging a violation(s) shall specify the section(s) of this Policy alleged to have been violated.
  - c. A complaint alleging a violation must be filed within one year from the commission of the action alleged as a violation, and not afterward.
  - d. The Board shall hold a preliminary hearing within 30 working days of receipt of the complaint unless good cause exists for a delay.
  - e. The Board may consider possible violations on its own initiative. Within ten days of a Board vote to consider a possible violation, the Board shall draft a written complaint specifying the section(s) of this Policy alleged to have been violated.
2. Prohibition of Communications Outside Board Meetings
  - a. After a complaint has been filed and prior to a final determination by the Board with respect to the validity of the complaint, no Trustee of the Board shall discuss, or communicate in any other manner (whether directly or indirectly), with any Person about the complaint, matters alleged in the complaint, or any matters relevant to the allegations made in the complaint and the decision of the Board, unless such discussions or communications are held during a properly called meeting or work session of the Board for the purpose of considering the complaint.
  - b. This provision is adopted to assure that any communications regarding the complaint will be heard by other Board Trustees, and that the

decision of a Board Trustee with respect to the complaint will not be based on any information which has not been made equally available to all Board Trustees.

- c. Any Trustee of the Board violating this provision shall be subject to the sanctions provided for in Section 5 below. The preceding section shall not, however, be applicable to consultations by and between COAERS' General Counsel and any Trustee of the Board, with respect to the schedule, process, or procedure of the hearing, or as reasonably necessary related to the investigation.

### 3. Preliminary Hearing

- a. A preliminary hearing shall be held to determine whether reasonable grounds exist to believe that a violation has occurred.
- b. At the preliminary hearing, the Complainant, or the designated representative of the Board in cases considered upon the Board's own initiative, shall appear and state the alleged violation and shall describe in narrative form the testimony and other evidence which would be presented to prove the alleged violation as stated in the written complaint. The following additional person(s) shall have the right but not the obligation to appear and address the Board with respect to the alleged violation:
  - (1) The Person named in the complaint;
  - (2) Any other Person with information relevant to the complaint, including persons with information in support of the complaint and persons with information in defense of the complaint.
- c. All statements made before the Board shall be under oath. Individuals making statements shall not be subject to cross-examination, but shall be subject to questions from the Board. Representations of fact must be supported by reference to affidavits or by the representation of the Person making the statement that such Person has spoken with a witness and is repeating what the witness stated.
- d. Within ten days after the conclusion of the preliminary hearing, the Board shall state, in writing, whether or not it has determined that reasonable grounds exist to believe that a violation has occurred. If the Board determines that there are reasonable grounds to believe that a violation has occurred, a final hearing shall be scheduled within 30 working days from the date of the preliminary hearing. If the Board determines that there are not reasonable grounds to believe that a violation has occurred, no final hearing shall be conducted. A decision to conduct a final hearing is not a finding that a violation has occurred.

4. Final Hearing/Statement of Findings

- a. At the final hearing the Board shall determine whether a violation has occurred, whether a violation, if any, was intentional or resulted from a knowing disregard of this Policy, and whether the violation, if any, was made in reliance on the written opinion of COAERS' General Counsel. The Board shall make its determination based on the preponderance of the credible evidence in the record. All witnesses shall make their statements in person and under oath. Cross examination shall be permitted and hearsay evidence will not be permitted.
- b. The Board shall make a decision within ten working days of the final hearing. If the Board determines that a violation has occurred, it shall state its findings in writing, shall identify the particular policies which have been violated, and within five working days of the Board's decision shall deliver a copy of the Board's written statement of findings to the complainant and the Person against whom the complaint was filed.

5. Sanctions

- a. If the Board determines that a violation has occurred, it may impose any one or more of the following sanctions:
  - (1) A verbal reprimand at a regularly conducted Board meeting advising the Person named in the complaint that they have been found guilty of a violation of these policies and specifying what action must be taken, if any, to avoid future or continuing violations;
  - (2) Written notification to the Person named in the complaint that a violation has occurred, and specifying what steps must be taken, if any, to avoid future or continuing violations;
  - (3) Suspension without pay from employment for a specified period of time, or termination of employment in the case of an employee of COAERS;
  - (4) Termination of the contract or employment with COAERS in the case of a Professional Service Provider or other independent contractor.
- b. With respect to a Person who commits Malfeasance, or who with intent to deceive makes any statement or report required under the Act which is untrue or falsified or knowingly permits to be falsified any record or records of COAERS and does not promptly report the falsification, shall result in termination of such Person's position as a Board Trustee, independent contractor, Professional Service Provider, or employee.

6. Frivolous Complaints

- a. The signature of a Person on a complaint made under this section constitutes a certificate by said Person that they have read the complaint, has made reasonable inquiry concerning the truthfulness of the facts stated in the complaint, that it is their belief, formed after reasonable inquiry, that the facts contained in the complaint are true, and that the complaint is not groundless and brought in bad faith or groundless and brought for the purpose of harassment.
- b. The Board may, on its own initiative, or upon the request of the Person against whom the complaint was filed, determine whether a complaint filed pursuant to this section was a Frivolous Complaint. Any Person making a Frivolous Complaint will be subject to reprimand or other appropriate disciplinary action. A Person who, in the sole determination of the Board, has made two Frivolous Complaints within any 12-month period, shall be subject to the following action:
  - (1) in the case of an employee, suspension without pay for a specific period of time, or termination of employment;
  - (2) in the case of a Professional Service Provider or other independent contractor, recommendation for the termination of the contract/employment relationship between COAERS and the independent contractor or Professional Service Provider; and
  - (3) in the case of a Board Trustee, verbal reprimand at a regularly called Board meeting.
- c. The Board's decision is final.

## **ATTACHMENTS**

**Attachment A** – Ethics Policy Disclosure Statement (Gifts, Meals and Contacts/Meetings with Potential/Existing Service Providers)

**Attachment B** – Chapter 171 Disclosure Form

**Attachment C** – Chapter 176 Definitions

**Attachment D** – Conflicts Disclosure Statement – Form CIS (Local Gov't Officer Disclosure Form)

**Attachment E** – Conflict of Interest Questionnaire – Form CIQ (Vendor Disclosure Form)

**Attachment F** – Annual Financial Disclosure/Conflict of Interest Affidavits

**Attachment G** – Annual Ethics Policy Acknowledgement Statement

**Attachment H** – 802.203 Texas Government Code



## **ATTACHMENT A**

### **Ethics Policy Disclosure Statement Instructions (Gifts, Meals and Visit or Meetings)**

The Board Approved Policy "Code of Ethics" of the City of Austin Employees' Retirement System (COAERS) requires any System Representative to disclose any gift, meal, and all visits or meetings covered under Section V.(A.6) and make the disclosure in writing at the next open Board meeting.

The "Ethics Policy Disclosure Statement" is to be completed by each System Representative within 30 days of each open Board meeting. If a System Representative has nothing to declare, please indicate "None" on each section of the form.

Please note that the "Ethics Policy Disclosure Statement" is separate from the affidavit disclosing certain conflicts of interest required under Chapter 171 of the Texas Local Government Code and the "Conflict of Interest Questionnaire" required under Chapter 176 of the Texas Local Government Code.



CITY OF AUSTIN  
EMPLOYEES' RETIREMENT SYSTEM

**Ethics Policy Disclosure Statement  
(Gifts, Meals and Other Declarations)**

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In compliance with Board Approved Policy: Code of Ethics, I declare I have received, attended, and/or had contact related to COAERS as follows:

**Gifts:**

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**Meals:**

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**Other Declarations:**

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Signature of Trustee or COAERS Key Staff

Date

**ATTACHMENT B**  
**Chapter 171, Conflict of Interest Disclosure Form**

**STATE OF TEXAS**  
**COUNTY OF TRAVIS**

§  
§

**Affidavit**

**BEFORE ME**, the undersigned authority, on this day personally appeared \_\_\_\_\_, who being duly sworn by me did on his oath, depose and say that:

"My name is \_\_\_\_\_. I am of sound mind and over eighteen (18) years of age. I am a member of the Board of Trustees of the City of Austin Employees' Retirement System, and am personally acquainted with the facts stated herein and such facts are true and correct.

(1) I have a substantial interest in the business entity that is involved in the project, subject or matter included in agenda item number \_\_\_\_\_ for the \_\_\_\_\_ [date] meeting of the Board/ \_\_\_\_\_ Committee. My interest in such entity is generally described as follows: \_\_\_\_\_

\_\_\_\_\_.

(2) I have a substantial interest in the property that is involved in the project, subject or matter included in agenda item number \_\_\_\_\_ for the \_\_\_\_\_ [date] meeting of the Board/ \_\_\_\_\_ Committee. My interest in such entity is generally described as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

(3) I have a perceived conflict, or potential interest in the business or property that is involved in the project, subject or matter included in agenda item number \_\_\_\_\_ for the \_\_\_\_\_ [date] meeting of the \_\_\_\_\_ [board or council]. My interest in such entity is generally described as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

Further, Affiant sayeth not."

\_\_\_\_\_  
*Signature*



## ATTACHMENT C

### Chapter 176, Tex. Local Gov't Code Definitions

The following terms are used in Section V.E.5. of the Policy, and are defined as follows in Chapter 176, Texas Local Government Code.

- (1) "Agent" means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee.
- (2) "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:
  - (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
  - (B) a transaction conducted at a price and subject to terms available to the public; or
  - (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.
- (3) "Contract" means a written agreement for the sale or purchase of real property, goods, or services.
- (4) "Family member" means a person related to another person within the first degree by consanguinity or affinity, as described by Subchapter B, Chapter 573, Government Code. An officer's family member includes the officer's: father, mother, son, daughter, spouse, father-in-law, mother-in-law, son-in-law, daughter-in-law, or step child.
- (5) "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code. An officer's family relationships within the third degree by blood include the officer's: mother, father, son, daughter, brother, sister, grandmother, grandfather, grandson, granddaughter, great-grandfather, great-grandmother, aunt, uncle, nephew, niece, great-grandson and great-granddaughter. An officer's family relationships within the second degree by marriage include the officer's: spouse, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepchild, sister-in-law (brother's spouse or spouse's sister), brother-in-law (sister's spouse or spouse's sister), spouse's grandmother, spouse's grandfather, spouse's granddaughter, and spouse's grandson.

- (6) “Gift” means a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest. The term does not include a benefit offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient.
- (7) “Goods” means personal property.
- (8) “Investment income” means dividends, capital gains, or interest income generated from:
- (A) a personal or business:
    - (i) checking or savings account;
    - (ii) (ii) share draft or share account; or
    - (iii) (iii) other similar account;
  - (B) a personal or business investment; or
  - (C) a personal or business loan.
- (9) “Local Government Officer” means (a) a member of the Board of Trustees; (b) the Executive Director; or (c) an agent of COAERS who exercises discretion in the planning, recommending, selecting, or contracting of a vendor.
- (10) “Services” means skilled or unskilled labor or professional services, as defined by Section 2254.002, Government Code.
- (11) “Vendor” means a person who enters or seeks to enter into a contract with a local governmental entity. The term includes an agent of a vendor. The term includes an officer or employee of a state agency when that individual is acting in a private capacity to enter into a contract. The term does not include a state agency except for Texas Correctional Industries.

## ATTACHMENT D

<b>LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT</b>		<b>FORM CIS</b>
(Instructions for completing and filing this form are provided on the next page.)		
This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session. This is the notice to the appropriate local governmental entity that the following local government officer has become aware of facts that require the officer to file this statement in accordance with Chapter 176, Local Government Code.	<b>OFFICE USE ONLY</b>	
<b>1 Name of Local Government Officer</b>  	Date Received _____	
<b>2 Office Held</b>  		
<b>3 Name of vendor described by Sections 176.001(7) and 176.003(a), Local Government Code</b>  		
<b>4 Description of the nature and extent of each employment or other business relationship and each family relationship with vendor named in item 3.</b>  		
<b>5 List gifts accepted by the local government officer and any family member, if aggregate value of the gifts accepted from vendor named in Item 3 exceeds \$100 during the 12-month period described by Section 176.003(a)(2)(B).</b>  Date Gift Accepted _____ Description of Gift _____ Date Gift Accepted _____ Description of Gift _____ Date Gift Accepted _____ Description of Gift _____  (attach additional forms as necessary)		
<b>6 AFFIDAVIT</b>  I swear under penalty of perjury that the above statement is true and correct. I acknowledge that the disclosure applies to each family member (as defined by Section 176.001(2), Local Government Code) of this local government officer. I also acknowledge that this statement covers the 12-month period described by Section 176.003(a)(2)(B), Local Government Code.  <div style="text-align: right; margin-right: 100px;">                         _____                          Signature of Local Government Officer                     </div>  AFFIX NOTARY STAMP / SEAL ABOVE  Sworn to and subscribed before me, by the said _____, this the _____ day of _____, 20____, to certify which, witness my hand and seal of office.  <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <span>_____ Signature of officer administering oath</span> <span>_____ Printed name of officer administering oath</span> <span>_____ Title of officer administering oath</span> </div>		

## LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT

Section 176.003 of the Local Government Code requires certain local government officers to file this form. A "local government officer" is defined as a member of the governing body of a local governmental entity; a director, superintendent, administrator, president, or other person designated as the executive officer of a local governmental entity; or an agent of a local governmental entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor. This form is required to be filed with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of this statement.

A local government officer commits an offense if the officer knowingly violates Section 176.003, Local Government Code. An offense under this section is a misdemeanor.

Refer to chapter 176 of the Local Government Code for detailed information regarding the requirement to file this form.

### INSTRUCTIONS FOR COMPLETING THIS FORM

*The following numbers correspond to the numbered boxes on the other side.*

- 1. Name of Local Government Officer.** Enter the name of the local government officer filing this statement.
- 2. Office Held.** Enter the name of the office held by the local government officer filing this statement.
- 3. Name of vendor described by Sections 176.001(7) and 176.003(a), Local Government Code.** Enter the name of the vendor described by Section 176.001(7), Local Government Code, if the vendor: a) has an employment or other business relationship with the local government officer or a family member of the officer as described by Section 176.003(a)(2)(A), Local Government Code; b) has given to the local government officer or a family member of the officer one or more gifts as described by Section 176.003(a)(2)(B), Local Government Code; or c) has a family relationship with the local government officer as defined by Section 176.001(2-a), Local Government Code.
- 4. Description of the nature and extent of each employment or other business relationship and each family relationship with vendor named in item 3.** Describe the nature and extent of the employment or other business relationship the vendor has with the local government officer or a family member of the officer as described by Section 176.003(a)(2)(A), Local Government Code, and each family relationship the vendor has with the local government officer as defined by Section 176.001(2-a), Local Government Code.
- 5. List gifts accepted, if the aggregate value of the gifts accepted from vendor named in item 3 exceeds \$100.** List gifts accepted during the 12-month period (described by Section 176.003(a)(2)(B), Local Government Code) by the local government officer or family member of the officer from the vendor named in item 3 that in the aggregate exceed \$100 in value.
- 6. Affidavit.** Signature of local government officer.

**Local Government Code § 176.001(2-a):** "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code.

**Local Government Code § 176.003(a)(2)(A):**

- (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

\*\*\*

- (2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

# ATTACHMENT E

## Conflict of Interest Questionnaire – Form CIQ (Vendor Disclosure Form)

<b>CONFLICT OF INTEREST QUESTIONNAIRE</b>		<b>FORM CIQ</b>
<b>For vendor doing business with local governmental entity</b>		
<b>This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.</b>		<b>OFFICE USE ONLY</b> Date Received
This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).		
By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.		
A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.		
<b>1</b>	<b>Name of vendor who has a business relationship with local governmental entity.</b>	
<b>2</b>	<input type="checkbox"/> <b>Check this box if you are filing an update to a previously filed questionnaire.</b> (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)	
<b>3</b>	<b>Name of local government officer about whom the information is being disclosed.</b>  _____ Name of Officer	
<b>4</b>	<b>Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.</b>  A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?  <input type="checkbox"/> Yes <input type="checkbox"/> No  B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?  <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>5</b>	<b>Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.</b>	
<b>6</b>	<input type="checkbox"/> <b>Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).</b>	
<b>7</b>	_____ Signature of vendor doing business with the governmental entity	_____ Date

# Conflict of Interest Questionnaire – Form CIQ (Vendor Disclosure Form)

Attachment E

## CONFLICT OF INTEREST QUESTIONNAIRE For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

**Local Government Code § 176.001(1-a):** "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

**Local Government Code § 176.003(a)(2)(A) and (B):**

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

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(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

(i) a contract between the local governmental entity and vendor has been executed;

or

(ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor.

**Local Government Code § 176.006(a) and (a-1)**

(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);

(2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or

(3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

(A) begins discussions or negotiations to enter into a contract with the local governmental entity; or

(B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

(A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);

(B) that the vendor has given one or more gifts described by Subsection (a); or

(C) of a family relationship with a local government officer.



## ATTACHMENT F

### City of Austin Employees' Retirement System Annual Financial Disclosure/Conflict of Interest Affidavit

Reporting \_\_\_\_\_ Period: \_\_\_\_\_ through  
\_\_\_\_\_

My signature below indicates my acknowledgement of the following:

1. Name: \_\_\_\_\_
2. Position/Office Held:  
\_\_\_\_\_
3. Residence Address:  
\_\_\_\_\_
4. Business Address:  
\_\_\_\_\_
5. Telephone Numbers:  
(Home) \_\_\_\_\_ (Office) \_\_\_\_\_
6. Spouse's Name:  
\_\_\_\_\_
7. I am a Member of the Board of Trustees of the City of Austin Employees' Retirement System and hereby acknowledge that I serve as a fiduciary and owe the Fund an obligation to administer it as a Trust Fund in accordance with Article 6243n, Vernon's Annotated Texas Statutes, as amended, the Board's policies, and all other applicable laws and regulations. I have sworn to an Oath of Office as a Member of the Board of Trustees and affirm that I will continue to abide by that oath.
8. As required by the Board's Code of Ethics, I acknowledge that I may not receive any compensation or anything of value, whether tangible or intangible, from any person or party in connection with my duties as a fiduciary and in connection with any action involving the acts of the Fund, and hereby state that I have not received any such compensation or thing of value. Meals and entertainment of reasonable

value may be accepted provided these are reported during regular Board meetings and are made available appropriately to all Board Trustees. Gifts valued at less than \$50 may be accepted provided these are reported during regular Board meetings.

9. I further acknowledge that no fiduciary of the Fund may participate in any decision or action of the Board involving any asset of the Fund that is of direct benefit to his or her own interest, except insofar as the benefit is incidental to the fiduciary's membership in the Fund. I hereby state that I have not so participated.

10. I have identified all individuals or **business** entities in which I have substantial interest, which have contracted or solicited business with the City of Austin Employees' Retirement System:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. I have identified all entities in which I or any family member related within the 1<sup>st</sup> degree (parent/child) receive any taxable income as a result of employment or business relationship, which have contracted or solicited business with the City of Austin Employees' Retirement System.

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**Signature of Board Member**

\_\_\_\_\_  
**Printed Name**

**VERIFICATION**

**STATE OF TEXAS            §**

**COUNTY OF TRAVIS       §**

BEFORE ME, the undersigned Notary Public, on this day personally appeared \_\_\_\_\_, known to me, and after being duly sworn, stated on oath that the foregoing and annexed Annual Financial Disclosure/Conflict of Interest Affidavit for the year 20\_\_ is within the knowledge of affiant and is true.

SWORN TO AND SUBSCRIBED TO BEFORE ME on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public – State of Texas





**City of Austin Employees' Retirement System  
Annual Financial Disclosure/Conflict of Interest Affidavit  
for Key Staff**

Reporting Period: \_\_\_\_\_ through \_\_\_\_\_

My signature below indicates my acknowledgement of the following:

1. Name: \_\_\_\_\_
2. Position/Office Held: \_\_\_\_\_
3. Residence Address: \_\_\_\_\_
4. Business Address: \_\_\_\_\_
5. Telephone Numbers: (Home) \_\_\_\_\_ (Office) \_\_\_\_\_
6. Spouse's Name: \_\_\_\_\_
7. I am a Key Staff member of the City of Austin Employees' Retirement System and hereby acknowledge that I serve as a fiduciary and owe the Fund an obligation to administer it as a Trust Fund in accordance with Article 6243n, Vernon's Annotated Texas Statutes, as amended, the Board's policies, and all other applicable laws and regulations.
8. As required by the Board's Code of Ethics, I acknowledge that I may not receive any compensation or anything of value, whether tangible or intangible, from any person or party in connection with my duties as a fiduciary and in connection with any action involving the acts of the Fund, and hereby state that I have not received any such compensation or thing of value except as authorized by the Act. Gifts valued at less than \$50 may be accepted provided that these do not influence a Key Staff member's decision and these are reported during regular Board meetings.
9. I further acknowledge that no fiduciary of the Fund may participate in any decision or action of the Board involving any asset of the Fund that is of direct benefit to his or her own interest, except insofar as the benefit is incidental to the fiduciary's membership in or employment with the Fund. I hereby state that I have not so participated.

10. I have identified all individuals or business entities in which I have substantial interest, which have contracted or solicited business with the City of Austin Employees' Retirement System:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. I have identified all entities in which I or any family member related within the 1<sup>st</sup> degree (parent/child) receive any taxable income as a result of employment or business relationship, which have contracted or solicited business with the City of Austin Employees' Retirement System.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**Signature of Key Staff member**

\_\_\_\_\_  
**Printed Name**

**VERIFICATION**

**STATE OF TEXAS            §**

**COUNTY OF TRAVIS        §**

BEFORE ME, the undersigned Notary Public, on this day personally appeared \_\_\_\_\_, known to me, and after being duly sworn, stated on oath that the foregoing and annexed Annual Financial Disclosure/Conflict of Interest Affidavit for Key Staff for the year 20\_\_ is within the knowledge of affiant and is true.

SWORN TO AND SUBSCRIBED TO BEFORE ME on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public – State of Texas



CITY OF AUSTIN  
EMPLOYEES' RETIREMENT SYSTEM

**ATTACHMENT G**

**Annual Ethics Policy Acknowledgement Statement**

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In compliance with Board Approved Policy C-3: Code of Ethics, I declare I have read, understand, and will comply with the provisions of the Code of Ethics.

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Signature of Trustee or COAERS Key Staff

Date

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Printed Name

## ATTACHMENT H

The fiduciary responsibilities of a Trustee of a Public Retirement System in the State of Texas under Texas Government Code, Title 8, Section 802.203.

Sec. 802.203. FIDUCIARY RESPONSIBILITY. (a) In making and supervising investments of the reserve fund of a public retirement system, an investment manager or the governing body shall discharge its duties solely in the interest of the participants and beneficiaries:

(1) for the exclusive purposes of:

(A) providing benefits to participants and their beneficiaries; and

(B) defraying reasonable expenses of administering the system;

(2) with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims;

(3) by diversifying the investments of the system to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(4) in accordance with the documents and instruments governing the system to the extent that the documents and instruments are consistent with this subchapter.

(b) In choosing and contracting for professional investment management services and in continuing the use of an investment manager, the governing body must act prudently and in the interest of the participants and beneficiaries of the public retirement system.

(c) A trustee is not liable for the acts or omissions of an investment manager appointed under Section 802.204, nor is a trustee obligated to invest or otherwise manage any asset of the system subject to management by the investment manager.

(d) An investment manager appointed under Section 802.204 shall acknowledge in writing the manager's fiduciary responsibilities to the fund the manager is appointed to serve.

(e) The investment standards provided by Subsection (a) and the policies, requirements, and restrictions adopted under Section 802.204(c) are the only standards, policies, or requirements for, or restrictions on, the investment of funds of a public retirement system by an investment manager or by a governing body during a 90-day interim between professional investment management services. Any other standard, policy, requirement, or restriction provided by law is suspended and not applicable during a time, and for 90 days after a time, in which an investment manager is responsible for investment of a reserve fund. If an investment manager has not begun managing investments of a reserve fund before the 91st day after the date of termination of the

services of a previous investment manager, the standards, policies, requirements, and restrictions otherwise provided by law are applicable until the date professional investment management services are resumed.