



**MINUTES  
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM  
BOARD MEETING  
EDUCATION AND PLANNING WORKSHOP  
Tuesday, October 16, 2018 – 9:00 AM  
Maggiano's 10910 Domain Drive, Austin, TX 78758**

**Board Members Present**

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

**Board Members Absent**

Leslie Pool  
Frank Merriman  
Anthony B. Ross

**Others Present**

**Staff:**  
Christopher Hanson  
Russell Nash  
Donna Boykin  
David Veal  
David Stafford  
Sarah McCleary  
Julie Barschow  
Amy Kelley

**Guests:**  
Paige Saenz, General Counsel  
Ian Bray, RVK  
Spencer Hunter, RVK  
Christopher Benson  
Eddie Solis, HillCo

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

Chair Chris Noak called the meeting to order at 9:27 AM.

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

The following Trustees were present at the start of the meeting: Chris Noak, Stephanie Beach, Michael Benson, Eyna Canales-Zarate, Amy Hunter, Yuejiao Liu, Randy Spencer and Ed Van Eenoo.

### **3. Receive order of business – Chair Noak**

There were no changes to the order of the agenda.

### **4. Receive presentation on public pension fund rate of return assumptions – Christopher Hanson**

Mr. Christopher Hanson gave a presentation on the use of the actuarial rate of return assumption in public pension funding, current trends and issues related to the assumption, and background related to COAERS historical and current assumption target.

Trustees discussed the two components of the assumed rate of return and discussed the use of the discount rate to calculate the present value of future benefit payments.

*Trustees took a break from 10:14 to 10:30 AM*

### **5. Discuss and consider investment issues including:**

- A. Strategic asset allocation**
- B. Investment strategy, governance, and resources**
- C. Investment policy statement and implementation policy**
- D. Investment resources**
- E. Next steps**

Mr. David Veal presented Staff recommendations regarding strategic asset allocation in light of the decisions highlighted for review during the Asset/Liability Study. To summarize these views he presented Staff's proposed model asset allocation for discussion and feedback. Trustees expressed a preference for pursuing higher expected returns via a more diversified portfolio with modest leverage rather than a more concentrated portfolio of riskier assets.

*Trustees took a break from 11:42 to 11:56 AM*

Mr. Veal reviewed the takeaways from several governance-related conversations at the Investment Committee level. Trustees previously showed interest in two models of governance and were presented a hybrid approach dubbed the "Austin Model". Staff presented drafts of a new Investment Policy Statement and Investment Implementation Statement that would implement this model. Trustees requested that Staff refine the implementation details of this approach and present an updated version of these policies to the Investment Committee for review in November.

*Trustees took a break from 1:52 to 2:10 PM*

### **6. Discuss legislative agenda and issues – Christopher Hanson**

Mr. Christopher Hanson introduced Eddie Solis from HillCo Partners, COAERS' governmental affairs consultant, who discussed the Texas political landscape as it pertains

to pension funds. Mr. Solis stressed that pension funds should work to solve their issues at the local level because any legislative remedy is likely to be one single approach which may not fit for a variety of very different pension systems.

**7. Receive long-term sustainability – Christopher Hanson**

Mr. Hanson led a discussion on long-term plan sustainability, asking Trustees to consider various funding approaches. Trustees directed Staff to provide potential cost savings for proposed options when the topic is revisited in 2019.

**8. Discuss and consider strategic plan implementation – Christopher Hanson**

Mr. Hanson updated Trustees on progress to date on the Strategic Plan. He suggested making minor revisions to the Strategic Plan, not on the goals themselves but on the specific steps needed to achieve the goals. Mr. Hanson noted that he will bring the proposed revisions to the Board in December.

**9. Call for future agenda items**

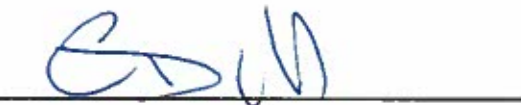
As there were no further items to address, the meeting adjourned at 3:15 p.m.



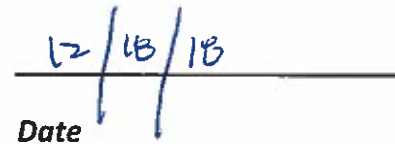
**Chris Noak, Board Chair**



**Date**



**Christopher Hanson, Executive Director**



**Date**