



City of Austin Employees' Retirement System

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

**Wednesday, October 19, 2016 – 5:00 p.m.**  
**418 E. Highland Mall Boulevard, Austin, Texas 78752**

**Board Members Present**

Jim Williams, Chair  
Michael Benson  
Francine Gertz  
Sam Jones  
Chris Noak  
Ed Van Eenoo

**Board Members Absent**

Reagan David  
Elizabeth Gonzales  
Leslie Pool  
Anthony B. Ross, Sr.  
Russ Sartain

**Others Present**

*Staff:* Christopher Hanson, David Veal, Donna Boykin, Michelle Mahaini, Russell Nash, Bobbie Simpson, Cathy Edwards, Bertie Corsentino, Teresa Cantu, Sarah McCleary, Lovie Robinson-Laurant

*Speakers:*

Eric Ralph, Summit Strategies Group  
Lewis Ward, Gabriel, Roeder, Smith & Co.

*Guests:*

George Oswald, James Wilhelm, Maria Barrios, Ivan Barrios, Matthew Beju, Michael Faivor, Mrs. Alex B Solanik, Steve Edmonds, Ken Muenzler, Mark Benson, Matthew Benson, Christopher Benson, Stacie Carter, Caroline Tollefson, Jonathan Janek, Leonard Hargh, Carolyn Peterson, Julia Robbins, Tom Blevins

Mr. Jim Williams, Chair, called the meeting to order at 5:14 p.m.

**1. Welcome, Review of Meeting Agenda and Introduction of Board Members – Jim Williams, Board Chair**

Chair Williams welcomed all attendees, reviewed the meeting agenda, and asked each Board member to give a brief introduction. The Board and guests thanked Mr. Sam Jones for his years of service on the Board.

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

Mr. Hanson introduced Staff in attendance and provided a brief overview of the political and economic landscape for pension funds both in Texas and around the country.

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

Mr. Veal presented an overview of the portfolio and its management structure. He noted that weak economic growth, slowing population growth, and low interest rates continue to pressure the long-term rates of return that are available in the global capital markets. He discussed how the fund is responding to this challenge by remaining well diversified, professionally managed, and highly principled. In this regard, he outlined several recent examples of strategic decisions made by the Board that resulted in higher expected returns, lower fees, and reduced volatility for the COAERS trust fund. He then answered questions from the audience.

**4. Investment Performance Review – Eric Ralph, Summit Strategies Group**

Mr. Ralph reported on the historic and recent capital market returns as well as historic and recent COAERS investment performance. He spoke of diversification and risk, noting that some styles such as Emerging Markets are alternating both the best performers and worst performers during consecutive years. He presented the rolling ten-year rank of COAERS' total fund against the policy index and how COAERS consistently ranks above the median. He discussed recent Board decisions including restructuring emerging market equities, adding a low cost factor-based investment approach, refining the domestic equity implementation for a lower cost, and noted that the Board is reviewing opportunities to take risk where the expected reward is the highest.

**5. Actuary's Report on December 31, 2015 Valuation – Lewis Ward, Gabriel, Roeder, Smith & Company**

Mr. Ward reported on the December 31, 2015 actuarial valuation and actuarial experience study. Mr. Ward discussed the key changes in this year's valuation and changes in assumptions adopted by the Board. He noted the savings from adding Group B with a lowered multiplier will be realized over a long period as more Group A members retire in upcoming years. Mr. Ward reported the funding period for the current valuation is 33 years and the funded ratio is 68.0%. He stated that he will not recommend a COLA to the Board until the fund meets the parameters of its funding policy.

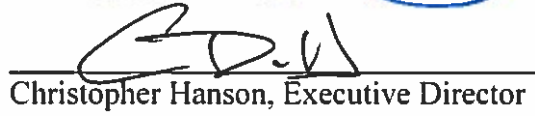
**6. General Comments from Members**

Mr. Williams opened the floor for general comments from members. Mr. George Oswald shared strategies that other funds have used to help retired members defray increasing medical premiums other than COLAs.

7. **Adjournment**

Chair Williams thanked the Members for attending and moved adjournment. The meeting was adjourned at 6:59 p.m.

  
Jim Williams, Board Chair

  
Christopher Hanson, Executive Director

12/12/2016  
Date

12/12/2016  
Date