



**MINUTES
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD MEETING**

**Public Meeting held telephonically on March 30, 2021 at 1:30 pm CT
Pursuant to Texas Govt. Code 551.15 – COVID-19 2020 circumstances**

Board Members Present

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

Board Members Absent

Guests:

Paige Saenz, General
Counsel
Robert Munter, PRB
Ian Bray, RVK
Peter Landers, GGA
Brad Kelly, GGA
Lewis Ward, GRS
Ed Van Eenoo

Staff:

Christopher Hanson
Russell Nash
Donna Boykin
Sarah McCleary
David T. Veal
Jenni Bonds
Mehrin Rahman
Amy Kelley
Yun Quintanilla
Teresa Cantu
Michelle Mahaini
Kelly Doggett
David Stafford

1. Call meeting to order – Chair Noak

Chair Chris Noak called the meeting to order at 1:33 p.m. and outlined the structure of the telephonic meeting.

2. Call roll of Trustees – Chair Noak

The secretary called the roll, and all eleven Trustees were present.

3. Recognition of former Trustee - Chair Noak

Chair Noak recognized Mr. Ed Van Eenoo and thanked him for his years of service on the COAERS board. Trustees thanked him and wished him the best in his new position at the City.

4. Review order of business and establish meeting objectives – Chair Noak

Chair Noak reviewed the objectives of the meeting and asked if Trustees needed to take any agenda items out of order. Mr. Michael Benson indicated the need to log off for a few minutes at 4 p.m., so agenda item #11 was moved to earlier in the agenda.

5. Receive System member and public comments – Chair Noak

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

6. Receive presentation on Staff and Trustee duties – Peter Lanes and Brad Kelly, GGA

Trustees received an educational presentation outlining best practices for board and management. The presentation reviewed effective retirement board models such as the Carver and Cortex models. The presentation ran from 1:47 p.m. to 3:24 p.m. and will be recorded as PRB-approved continuing education.

Trustees took a break from 3:24 p.m. to 3:31 p.m.

7. Consent items – Board Chair:

All of the following items may be acted upon by one motion. No separate discussion or action on any of the items is necessary unless desired by a Trustee.

- A. January 26, 2021 Board meeting minutes**
- B. February 10, 2021 Board meeting (Investment Onboarding) minutes**
- C. Ratification of January and February 2021 retirements**
- D. Ratification, confirmation, and approval of Disability Committee recommendation on disability application #2101**

Ms. Leslie Pool moved to approve the consent agenda as presented. Mr. Randy Spencer seconded, and the motion passed unanimously. After this agenda item, the Board discussed agenda item #11.

8. Receive reports on the following Board administrative matters including:

- A. 2021 meeting calendar with times**
- B. Report on 2020 annual financial disclosure and annual ethics policy statements**
- C. March 30 ethics policy disclosure form**
- D. February 26, 2021 Investment Committee meeting**
- E. March 9, 2021 Benefits and Services Committee meeting**
- F. March 9, 2021 Audit and Risk Committee meeting**
- G. March 9, 2021 Governance Committee meeting**
- H. March 9, 2021 Disability Committee meeting**
- I. March 16, 2021 ED Evaluation Committee meeting**

Chair Noak noted the presence of Committee reports.

Staff Declarations:

Michelle Mahaini reported meeting with copier suppliers and receiving presentation for replacement of copier: James Pruitt of Knight Office Solutions (Ricoh & Sharp copiers); Michael Johnson of Xerox Corp. (Xerox copiers); and Adam Merlino of TLC Office Solutions (HP copiers).

9. Discuss and consider the December 31, 2020 actuarial valuation results – Lewis Ward

Mr. Lewis Ward from GRS reported that the funding period of the Plan is 32 years, down from 40 years in 2019, and that the funded ratio is 65.3% (68.1% on market value of assets) up from 63.5% in 2019.

Mr. Ward reported that the improved funding results were due to the 10.6% return on market value of assets in 2020, above the 7.00% return assumption, and the increase in City contributions from 18% to 19% effective January 1, 2021.

Mr. Ward noted that while the valuation results are improved compared to 2019, COAERS funding period is still above its policy target and the Plan still faces rising actuarial liabilities in the short term. He therefore advised that COAERS and the City continue the current work to implement solutions for long term sustainability.

Mr. Anthony Ross moved to approve the December 31, 2020 actuarial valuation results. Ms. Stephanie Beach seconded, and the motion passed unanimously.

Mr. Hanson presented a draft funding dashboard for the December 31, 2020 actuarial valuation results. Trustees were supportive of receiving the dashboard yearly and provided feedback on the dashboard.

10. Investment Committee

A. Discuss and consider key strategic assumptions, guidelines, and policies including proposed updates to Investment Policy Statement and Investment Implementation Policy

Mr. David Veal reported that, as required by the Board, Staff had completed its annual review of the IRF methodology and updated the associated internal policy accordingly. Mr. Veal reviewed the key changes and discussed the improved alignment with System's investment strategy that resulted.

Mr. Veal discussed the annual review of the IPS and IIP including the risk budget, SAA parameters, performance benchmarks, and key policies of the

Fund. Mr. Veal noted that the documents supporting this review included the 2021 Asset Allocation Study from RVK as required by the IPS every three years. Mr. Veal reviewed proposed updates to the IPS and IIP that resulted from this annual review.

Mr. Ross moved to approve the Investment Policy Statement and Investment Implementation Plan as presented. Mr. Benson seconded, and the motion passed unanimously.

B. Discuss and consider Premier Lists and funding implementation plans for Multi-Asset, Global Equity, and Cash & Equivalents

Mr. Veal then discussed the annual review of the construction and composition of the Multi-Asset allocation, including the associated Premier List. Mr. Veal also presented revisions to the Global Equity Premier List, including a proposal to add a manager to operate a long-only call option account that enables risk-controlled implementation of Fund-level leverage as needed to achieve the System's risk and return targets.

Ms. Amy Hunter moved to approve the Premier Lists and the funding implementation plan as presented. Ms. Leslie Pool seconded, and the motion passed unanimously.

Mr. Benson left the meeting at 3:57 p.m. and returned at 4:13 p.m.

11. Discuss and consider Executive Director appraisal process – Michael Benson

(This item was taken out of order, after agenda item #7.)

Mr. Benson reported that the Executive Director Evaluation Committee met and recommended changes to the current process, including the creation of a document to be distributed prior to the meeting at which the Executive Director's performance is to be discussed. The Committee also recommended adding one Board meeting in November to compile feedback and achieve a consensus on the feedback to be delivered to the Executive Director in December.

Ms. Pool moved to approve the Executive Director appraisal process and timeline for 2021 and future evaluations as presented by the Committee. Mr. Benson seconded, and the motion passed unanimously.

Mr. Benson left the meeting at 4:30 p.m.

12. Discuss and consider Financial Statement Audit Policy – Russell Nash

Mr. Nash presented the proposed financial statement audit policy recommended by the Audit and Risk Committee and noted that the policy will define the scope of financial statement audits and can serve as the basis for minimum requirements for a Request for Proposal for Financial Statement Audit firms later in 2021.

Mr. Randy Spencer moved to approve the Financial Statement Audit Policy as presented. Mr. Ross seconded, and the motion passed 10-0.

13. Discuss and consider the Executive Director's report on the following matters: – Christopher Hanson:

A. 2021-2023 Strategic Plan Update

Mr. Hanson presented a new report outlining the goals and action items of the 2021-2023 Strategic Plan.

B. COAERS website and logo

Mr. Hanson reported on the progress of the website upgrade and presented a new logo for the consideration of the Board.

Ms. Pool moved to approve the new proposed logo. Ms. Diana Thomas seconded, and the motion passed 10-0.

C. 87th Legislative Session

Mr. Hanson reported on activity from the 87th Legislative Session and bills that could impact COAERS.

D. 2020 Administrative Budget

Mr. Hanson reported that 2020 actual expenditures were less than budgeted, though some items in certain categories were more than expected due to the unexpected costs associated with pandemic and remote work.

E. MET Report and upcoming educational programs and conferences

Mr. Hanson noted the online opportunities for further education. He also reported on Trustees' status toward the next cycle of Pension Review Board MET requirements.

14. Review key meeting takeaways and call for future agenda items

Chair Noak reviewed the actions taken and direction to Staff. As there were no further items to address, the meeting adjourned at 5:29 p.m.

These minutes were approved at the June 29, 2021 Board Meeting.