



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

**Public Meeting held telephonically on May 13, 2020 at 1:30 pm CT  
Pursuant to Texas Govt. Code 551.15 – COVID-19 2020 circumstances**

**Board Members Present**

Stephanie Beach  
Michael Benson  
Eyna Canales-Zarate, Chair  
Amy Hunter  
Yuejiao Liu  
Frank Merriman  
Chris Noak  
Leslie Pool  
Anthony B. Ross, Sr.  
Randy Spencer  
Ed Van Eenoo, Vice-Chair

**Board Members Absent**

None

**Guests:**

Paige Saenz, General  
Counsel  
Eddie Solis, HillCo  
Dennis Waley, PFM  
Jim Link, PFM  
Mike Nadol, PFM  
Elaine Hart  
512-699-1433  
Lewis Ward, GRS

**Staff:**

Christopher Hanson  
Russell Nash  
Donna Boykin  
Sarah McCleary  
David Veal  
Ty Sorrel  
Jenni Bonds  
Michelle Mahaini  
Mehrin Rahman  
Amy Kelley  
Teresa Cantu  
Kelly Doggett

**1. Call meeting to order – Chair Canales-Zarate**

Chair Canales-Zarate called the meeting to order at 1:34 p.m. and outlined the structure of the telephonic meeting.

**2. Call roll of Trustees – Chair Canales-Zarate**

The secretary called the roll and all Trustees were present.

**3. Review order of business and establish meeting objectives – Chair Canales-Zarate**

Chair Canales-Zarate reviewed the order of business and goals of the meeting. Trustees preference was to end the meeting by 3 p.m.

**4. Discuss and consider long-term sustainability including:**

### **A. Receive report on City Retirement Study - PFM**

Mr. Jim Link presented a report outlining the City's actuarial status for each of its pension funds as well as a comparison of benefits. He outlined the shortfall for the "tread water" funding dynamic and its effect on the rating status of the City. Mr. Nadol shared benchmarking data and pension reforms elsewhere in the State of Texas. The PFM analysis included four tools for pension sustainability: consistent budgetary funding, managing benefit liabilities, risk management, and building fund assets.

### **B. Receive report on System Sustainability – Lewis Ward, GRS**

Mr. Lewis Ward presented information about actuarially determined employer contribution (ADEC) rates across different scenarios, modeling with the following return for 2020: -15%, -7.5%, or 0%. The results modeled assumed future returns beyond 2020 in line with the current discount rate assumption of 7%, as well as scenarios with lower future returns. Mr. Hanson noted that the average ADEC in every scenario was above the current employer contribution rate of 18%.

Mr. Ward also shared the impact of potential benefit policy changes on the ADEC rate. He reported that eligibility changes could result in lowering the ADEC 1.3% to 1.6% and that multiplier changes could result in lowering the ADEC an additional 0.4% to 0.6%.

### **C. Consider contribution, benefit, and funding policies – Christopher Hanson**

Mr. Hanson reviewed the contribution and funding policy changes that were enacted and discussed the importance of funding to achieve long-term sustainability. Trustees discussed risk-sharing and the prospect of a flexible contribution policy.

Mr. Anthony Ross moved to recommend the City consider the following framework as part of its retirement study to achieve long-term sustainability of COAERS:

- Enact a more flexible contribution policy to manage the risks of the System and pay the unfunded actuarial accrued liability and normal cost of the System over an appropriate time-period;
- To the extent necessary, amend benefit policies to ensure that the System's obligations can be met for all generations of COAERS members;
- Utilize appropriate risk-sharing between the City and employees to manage the risks inherent in funding a defined benefit plan.

Ms. Leslie Pool seconded. Ms. Amy Hunter offered a friendly amendment to include retirees in the third bullet, but it was not accepted nor seconded, and the original motion passed unanimously.

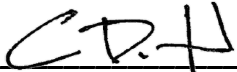
## **5. Review key meeting takeaways and call for future agenda items – Chair Canales-Zarate**

Chair Canales-Zarate reviewed the actions taken and direction to Staff. She requested

that Trustees be informed of the date when the PFM presentation was delivered to the Audit and Finance Committee at the City. As there were no further items to address, the meeting adjourned at 3:46 p.m.

  
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**Eyna Canales-Zarate, Board Chair**

July 8, 2020  
\_\_\_\_\_  
**Date**

  
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**Christopher Hanson, Executive Director**

July 8, 2020  
\_\_\_\_\_  
**Date**