



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

**Public Meeting held telephonically on June 30, 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  
Art Alfaro  
215-796-5849  
Ian Bray, RVK  
Spencer Hunter, RVK  
Selena Xie, Austin EMS  
917-848-6049  
512-497-8070  
847-275-2680  
504-231-6769

**Staff:**

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

**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 objectives of the meeting and asked if any Trustees needed to take items out of order.

**4. Receive System member and public comments – Chair Canales-Zarate**

Chair Canales-Zarate asked if there were any visitors in the room who wished to make a comment. There were none. Chair Canales-Zarate returned to this agenda item after Item #6 and at that time Ms. Selena Xie from Austin EMS thanked the Board for their willingness to include EMS data in the actuarial studies.

**5. Receive reports on the following Board administrative matters including – Chair Canales-Zarate:**

- A. Ethics policy disclosure statements**
- B. 2020 Board and Committee meeting schedule**
- C. Reports from prior Committee meetings:**
  - 1. May 15, 2020 Investment Committee meeting**
  - 2. June 19, 2020 Investment Committee meeting**
  - 3. June 16, 2020 Audit and Risk Committee meeting**
  - 4. June 16, 2020 Policy Committee meeting**

Mr. Russell Nash disclosed contacts with Michael Caputo of Yes Elections; Carrey Griffin of Experian; and Erich Roach of GFOA.

Michelle Mahaini declared online presentations from Pete Westerhaus of Survey & Ballot Systems and Michael Caputo of YesElections.

David Stafford declared meetings/contact with Dan Kim of IFM; Thomas Cosmer, Sunny Ng and Michael Kelly of PineBridge; Arun Muralidhar of AlphaEngine; Karson Burchett and John Mele of Northern Trust; Jonathan Alden, Phil Green and Charlie Stoltze of BlackRock; Ann-Marie Gehring of NISA; Keith Kelsall and Philip Lawson of Adrian Lee & Partners; Chris Tucek and James Stavena from LGIMA; Gilbert Garcia and Ruby Dang of Garcia Hamilton; Mary Davidson of Abel Noser; Misha Malyshev and Reinhold Gebert of Teza Capital Management; Steffen Scheuble, Timo Pfeiffer, Dan Kim of IFM; Thomas Cosmer, Sunny Ng and Michael Kelly of PineBridge; Arun Muralidhar of AlphaEngine; Karson Burchett and John Mele of Northern Trust; Jonathan Alden, Phil Green and Charlie Stoltze of BlackRock; Ann-Marie Gehring of NISA; Keith Kelsall and Philip Lawson of Adrian Lee & Partners; Chris Tucek and James Stavena from LGIMA; Gilbert Garcia and Ruby Dang of Garcia Hamilton; Mary Davidson of Abel Noser; Misha Malyshev and Reinhold Gebert of Teza Capital Management; Steffen Scheuble, Timo Pfeiffer, Peter Diel, Jennifer Steding and Steve Chew from Solactive; Felix Goltz and Noel Amenc from Scientific Beta; Andrew Bang from SECOR; David Hoisington and Lacy Hunt from HIMCO; Jeff Nelson and Ash Alankar from Janus Henderson; Carl Weinberg and Rubeela Farooqi from HFE; Francis Verpoucke and Shameer Karim of TOBAM.

David Veal declared meetings/contact with Keith Kelsall and Philip Lawson of Adrian Lee & Partners; Amanda Rekemeier of Bernstein Litowitz; Sharmila Kassam of Funston Advisory; Marisa DeMato of Labaton Sucharow; Gilbert Garcia and Ruby

Dang of Garcia Hamilton; Misha Malyshev and Reinhold Gebert of Teza Capital Management; Steffen Schauble of Solactive; Francis Verpoucke and Shameer Karim of TOBAM.

Kelly Doggett declared meetings/contact with Enrique Barioni and Jeff Nelson of Janus Henderson; PineBridge; Sancia Daley of JFKenney Human Rights Org; Karson Burchett of Northern Trust; Molly Shields of Fidelity Digital Assets; Alexander Xethalis of 13D Management; Dan Kim of IFM Investment; Arun Muralidhar of AlphaEngine; Gillian Sloan of WalterScot; Ann-Marie Gehring of NISA; Jonathan Alden of BlackRock; Keith Kelsall of Adrian Lee & Partners; Chris Tucek of LGIMA; Marisa DeMato of Labaton Sucharow; Amanda Rkemeier and Tony Gelderman of BLB&G; Brian McDonald of Fiera; Mary Davidson of Abel Noser; GAVEKAL; Richard Loran of Cohen Milstein; Noah Wortman of IMF; TEZA Capital; Jason Cohen of WTAX; Michael Williams of NISA; Joshua Rthizer of Wolf Popper; and Jeff DeGeraaf of RenMac.

Amy Kelley declared meetings/contact with Gartner and FreeIT.

Chair Canales-Zarate noted that new meetings had been added to the calendar, and urged Trustees to read all reports. She added that Staff was available to meet with any Trustees who had questions on the Committee reports. Chair Canales-Zarate highlighted the following subjects which are being discussed in committee: Investment Committee is reviewing options for use of fund leverage; Audit and Risk Committee is reviewing the audit scope for both financial and internal audits; Policy Committee is reviewing Board governance and self-evaluation.

**6. Consent items – Chair Canales-Zarate:**

**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. March 31, 2020 Board meeting minutes**
- B. May 13, 2020 Called Board meeting minutes**
- C. Acceptance of December 31, 2019 financial statements and auditor’s report from KPMG**
- D. Approval of Board Approved Policy E-1 “Election Policy for Active-Contributory and Retired Board Members”**
- E. Appointment of Nominating and Election Committee for 2020**
- F. Ratification of February, March, April, and May 2020 retirements  
(CONFIDENTIAL)**

Ms. Leslie Pool moved to approve the consent agenda as presented. Mr. Anthony Ross seconded, and the motion passed unanimously.

**7. Consider acceptance of Trustee letter of resignation and implement special election process – Russell Nash**

Chair Canales-Zarate noted that with the retirement of Michael Benson, he is no longer eligible to serve as the elected Active Member Place 6 and has chosen to resign from the

Board. Mr. Russell Nash outlined the process for a special election to fill the vacancy and noted that per the Bylaws, Mr. Benson will continue to serve in that capacity until a successor is named.

Mr. Anthony Ross moved to accept the resignation of Michael Benson. Ms. Leslie Pool seconded, and the motion passed unanimously.

**8. Discuss and consider System long-term sustainability including a review of Board Approved Policy F-2 Funding Policy, contribution and benefit policies, and an update of City of Austin retirement study – Christopher Hanson**

General Counsel Paige Saenz reminded Trustees of their fiduciary duties to the Fund and the legal standard that entailed. Mr. Christopher Hanson presented an overview of work done to date, an update on the City of Austin's retirement study, and a timeline for Board decisions in the near future the Board. He also reported that the Board Approved Funding Policy F-2 Funding Policy needs to be revised to meet current Pension Review Board standards on the funding period and amortization method.

**9. Investment Committee:**

**A. Receive update on custodial banking Request for Proposal (RFP) – Christopher Hanson**

Mr. Christopher Hanson provided an update on the RFP timeline and due diligence process. He reported to the Board that under the authority granted by the Board to the Executive Director to extend the RFP timeline, he has exercised that authority and that both of the finalists have been notified of the RFP timeline extension.

**B. Discuss and consider Premier List for Global Equity – David Stafford**

Mr. David Veal outlined Staff analysis suggesting a low likelihood of success if COAERS were to build a private equity program amid current market conditions. He presented an analysis of the global equity portfolio and discussed how a new approach to indexing would allow better management of concentration risk through simpler, better diversified, and more flexible portfolio construction.

Staff recommended (1) reducing small caps to near 3% index weight and reallocating to US large/mid cap indices, and (2) reducing DM equities to target by redeeming Sci Beta DM 4F and allocating to US large/mid cap indices.

Mr. Chris Noak moved to approve the Premier List for Global Equities, to approve the Funding Authorization Plan, and to authorize the Executive Director to sign the associated investment management agreements pending approval by legal counsel. Ms. Amy Hunter seconded, and the motion passed unanimously.

**10. Policy Committee: - Chair Canales-Zarate**

**A. Discuss and consider Board governance**

Chair Canales-Zarate reminded Trustees that governance was discussed at the last Board Workshop. The Policy Committee had directed the Board Chair and Executive Director to coordinate and bring proposals to the Board for an evaluation. This item was delayed in March due to COAERS' focus on its pandemic response.

Two proposals were presented for Board consideration, both with a different approach and price. The Board discussed the two proposals with Trustees offering their thoughts on each proposal.

Ms. Stephanie Beach moved to approve the Board governance proposal and engagement with Global Governance Advisors. Ms. Yuejiao Liu seconded, and the motion passed 10-1 with Mr. Ross dissenting.

**B. Discuss and consider Executive Director Evaluation process**

At the request of the Policy Committee, Mr. Hanson provided a written statement of goals and professional development opportunities. Ms. Stephanie Beach moved to adopt the Executive Director evaluation process including the performance plan as presented for 2020. Mr. Benson seconded, and the motion passed unanimously.


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

- A. Operational matters related to COVID-19 pandemic**
- B. Report on 2020 administrative budget**
- C. First quarter 2020 unaudited financial statements**
- D. State minimum educational training requirements**
- E. Upcoming educational programs and conferences**

Mr. Hanson updated Trustees on operational matters and how processes had changed in response to the pandemic. He stressed that all essential functions continue to be carried out and because of the organization's concern for the health and safety of Trustees, Staff, election committee volunteers, and members, that COAERS continues to remain in remote work. He reported that the first virtual retirement seminar was a success. Mr. Hanson also reported on the budget, noting that COAERS was over in some areas and under in others due to the pandemic, but overall the budget was on track for the year. He reported that most Trustees are also on track for their required training; all upcoming conferences have been either canceled or changed to virtual events.

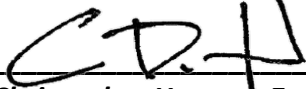
**12. Review key meeting takeaways and call for future agenda items – Chair Canales-Zarate**

Chair Canales-Zarate reviewed the actions taken and direction to Staff. As there were no further items to address, the meeting adjourned at 4:33 p.m.



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**Eyna Canales-Zarate, Board Chair**



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**Christopher Hanson, Executive Director**

September 23, 2020

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**Date**

September 23, 2020

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**Date**