

















November 2024 Legislative Committee

Schedule	Thursday, November 14, 2024 1:00 PM — 1:30 PM CST
Venue	4700 Mueller Blvd., Suite 100, Austin, TX 78723
Notes for Participants	This has been posted at 12:30 start time; if earlier meeting(s) run short it can be started.
Organizer	Sarah McCleary

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1. Call roll of Committee members

Presented by Kelly Crook

AGENDA ITEM 1:
Call roll of Committee members

AGENDA ITEM OBJECTIVE

The objective of the agenda item is to determine for the record which Trustees are present at the start of the meeting.

Please note that logging in to this meeting in real-time on Convene will automatically mark you as “present”. Sarah will indicate in the minutes if you are in person or virtual. If there are any Trustees who have not yet logged into Convene, please indicate to Sarah so she can mark you as present.

2. Review order of business and establish meeting objectives

Presented by Kelly Crook

AGENDA ITEM 2:

Review order of business and establish meeting objectives

AGENDA ITEM OBJECTIVE

This agenda item provides Trustees the opportunity to review the order of business and to express a desire to take an agenda item out of order, and to discuss the key objectives of the meeting.

1. The Committee will receive a report from the COAERS governmental relations consultant on the results of the November 5 election and possible implications for the Texas political landscape.
2. The Committee will consider matters related to the upcoming legislative session including COAERS legislative priority statement.
3. The Committee will receive a report on the COAERS governmental relations consultant and consider an engagement letter from HillCo Partners for governmental relations services in 2025.
4. The Committee will review its 2024 Work Plan and discuss the development of the 2025 Committee Work Plan.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management.** It is an industry best practice to establish meeting objectives and review them at the outset of each meeting.

3. Receive public comments

Presented by Kelly Crook

AGENDA ITEM 3:
Receive public comments

AGENDA ITEM OBJECTIVE

This standing agenda item allows System members and members of the public the opportunity to provide comments to the Board.

ITEM SUMMARY

The Chair will recognize any person who wishes to comment for up to three minutes per person.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

This agenda item meets the core competency established in the **COAERS Strategic Plan** “*Transparency: Complying with open meeting and public information laws to ensure the decision-making process is clear to members and the public.*”

4. Consider approval of the June 13, 2024
Legislative Committee minutes
Presented by Kelly Crook

AGENDA ITEM 4:

Consider approval of the June 13, 2024 Legislative Committee minutes

AGENDA ITEM OBJECTIVE

This standing agenda item seeks approval of the minutes from the prior Legislative Committee meeting.

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends approval of the minutes of the June 13, 2024 Legislative Committee meeting.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets the core competency established in the **COAERS Strategic Plan** “*Transparency: Complying with open meeting and public information laws to ensure the decision-making process is clear to members and the public.*”

ATTACHMENT

1. Draft minutes of June 13, 2024 Legislative Committee meeting



CITY OF AUSTIN
EMPLOYEES' RETIREMENT SYSTEM

Legislative Committee Meeting
MINUTES

Public Meeting held in-person and videoconference
Pursuant to Texas Govt. Code 551.127
4700 Mueller Blvd., Suite 100, Austin, TX 78723
Thursday, June 13, 2024

Committee Members
Present/ (Absent)

Kelly Crook, Committee
Chair
Yuejiao Liu
(Leslie Pool)

Other Board Trustees
Present/ (Absent)

Anthony Ross
Diana Thomas
Michael Granof
Dick Lavine †
(Brad Sinclair)
(Ed Van Eenoo)
Chris Noak
Michael Benson †

Others Present:
Staff

Christopher Hanson
Russell Nash
Sarah McCleary
Jenni Bonds
Mehrin Rahman
Amy Kelley
Yun Quintanilla
Deverett Morrow*
David Kushner*
Cathy Edwards*

* Present telephonically
† Present via
videoconference

Guests
Paige Saenz, General
Counsel
Eddie Solis, HillCo
Partners

1 Call roll of Committee members

Committee Chair Kelly Crook called the meeting to order at 10:20 a.m. The following Committee members were present in person: Crook and Liu.

2 Review order of business and establish meeting objectives

Committee Chair Crook reviewed the order of business and objectives with the Committee. There were no changes to the order of business for the meeting.

3 Receive public comments

Committee Chair Crook asked if there were any members of the public who wished to speak, either now or during an agenda item. There were no comments.

4 Consider approval of the November 9, 2023 Legislative Committee minutes

Committee Chair Crook asked Trustees to review the November 9, 2023 minutes.

Ms. Yuejiao Liu moved to approve the November 9, 2023 Legislative Committee minutes as presented. Committee Chair Crook seconded, and the motion passed 2-0.

5 Review 2024 Legislative Committee Work Plan

Mr. Hanson presented the Legislative Committee Work Plan and the Committee gave its general approval.

6 Receive report on 88th Session interim charges and interim legislative activity

Mr. Christopher Hanson presented the interim charges for the 88th Texas Legislature then recognized Eddie Solis of HillCo Partners to discuss interim charges and what may be expected in the next session.

7 Review key meeting takeaways and call for future agenda items

Committee Chair Crook summarized the actions taken and the information discussed during the meeting and asked for any future agenda items.

As there were no further items to address, the meeting adjourned at 10:41 a.m.

5. Receive report related to recent elections

Presented by Eddie Solis, HillCo

AGENDA ITEM 5:
Receive report related to recent elections

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to receive an update on the initial results of the November 8 election and the potential impact to the Texas political landscape and on the upcoming legislative session.

RECOMMENDATION FOR COMMITTEE ACTION

For information purposed only; no action required.

RELEVANCE TO STRATEGIC PLAN

This agenda item is part of **COAERS Strategic Plan Goal 1: Achieve and maintain a funding level that ensures the long-term sustainability of the fund.**

BACKGROUND

Eddie Solis from HillCo will discuss the initial results of the November 5 elections on the Texas political landscape and how those preliminary results may impact the upcoming legislative session.

6. Discuss and consider 89th Legislative Session priorities

Presented by Christopher Hanson

AGENDA ITEM 6:
Discuss and consider 89th Legislative Session priorities

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to discuss and consider COAERS strategy and priorities for the 89th Legislative Session.

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

RELEVANCE TO STRATEGIC PLAN

This agenda item is part of **COAERS Strategic Plan Goal 1: Achieve and maintain a funding level that ensures the long-term sustainability of the fund.**

ITEM SUMMARY

Following the discussion at the October Board workshop, Staff and HillCo Partners met to develop a statement of priorities for the 89th Legislative Session. Staff and HillCo agreed that the statement should convey the importance of working with legislators proposing pension legislation that could impact COAERS and using the legislative process to seek better legislative outcomes. Below is proposed draft legislative priority language.

Proposed Draft of COAERS Legislative Priorities for 89th Legislative Session

The highest priority for COAERS is to fulfill its fiduciary duty to its members. Thus, COAERS will strive to challenge legislation that would, in any way, erode or impair its fiduciary authority or otherwise negatively impact the System and its members.

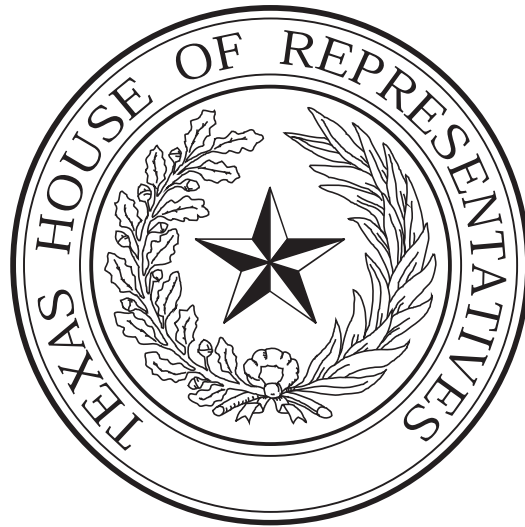
ATTACHMENTS

1. Excerpt from the House of Representatives Interim Committee Charges 88th Legislature
2. Excerpt from the Senate Interim Charges 88th Legislature

INTERIM COMMITTEE CHARGES

TEXAS HOUSE OF REPRESENTATIVES

88TH LEGISLATURE



SPEAKER DADE PHELAN

MAY 2024

Committee on Natural Resources

1. **Monitoring:** Monitor the agencies and programs under the Committee's jurisdiction and oversee the implementation of relevant legislation passed by the 88th Legislature. Conduct active oversight of all associated rulemaking and other governmental actions taken to ensure the intended legislative outcome of all legislation, including the following:
 - SB 28, relating to financial assistance provided and programs administered by the Texas Water Development Board.
2. **Water Reuse Expansion:** Examine opportunities to expand the reuse of waters in Texas as an additional water supply and identify funding deficiencies for water reuse projects and regulatory impediments that make expansion of water reuse difficult in Texas.
3. **Reliability of Clean Water Access:** Evaluate the causes, durations, and incidence of boil water notices issued by public water systems. Identify solutions to keep critical water infrastructure online during public water system failures and consider whether policy changes are necessary to prevent interruption to the public's access to clean, reliable drinking water.
4. **Groundwater Infrastructure:** Examine Texas groundwater data infrastructure, data collection, and monitoring practices and identify policy solutions for improvement in the areas of understanding local groundwater conditions; groundwater modeling for planning and decision-making; and resource management.

Committee on Pensions, Investments & Financial Services

1. **Monitoring:** Monitor the agencies and programs under the Committee's jurisdiction and oversee the implementation of relevant legislation passed by the 88th Legislature. Conduct active oversight of all associated rulemaking and other governmental actions taken to ensure the intended legislative outcome of all legislation, including the following:
 - SB 10, relating to certain benefits paid by the Teacher Retirement System of Texas.
2. **ESG:** Examine the ways in which environmental, social, and governance (ESG) policies are contradictory to fiduciary duties and the resultant detrimental effect on investors.



Dan Patrick

Lieutenant Governor of Texas
President of the Senate

2024 Interim Legislative Charges:

Border Security Committee
Business and Commerce Committee
Criminal Justice Committee
Education Committee
Finance Committee
Health and Human Services Committee
Higher Education Committee
Local Government Committee
Natural Resources Committee
State Affairs Committee
Transportation Committee
Water, Agriculture, and Rural Affairs
Committee
Veterans Affairs Committee

April 11, 2024

State Affairs Committee

- **Maintaining Election Security:** Identify threats to Texas’s election integrity, including those from “Big Tech” and foreign entities. Recommend ways to neutralize such threats. Additionally, evaluate the countywide polling place program in Texas. Make recommendations to address countywide polling issues, such as increased wait times, longer travel distances, supply shortages, and reporting irregularities. Evaluate current laws that prohibit political subdivisions and public school districts from using government resources for illegal electioneering. Make recommendations to strengthen these laws and put a stop to illegal electioneering.
- **Social Media & Protecting Children:** Study the impact of social media use on children. Review current mechanisms in place to protect minors online. Monitor the implementation of House Bill 18, 88th Legislature, relating to the protection of minors from harmful, deceptive, or unfair trade practices in connection with the use of certain digital services and electronic devices, including the use and transfer of electronic devices to students by a public school. Make policy recommendations to further protect Texas children online.
- **Protecting Texas Land and Assets:** Evaluate strategic land and asset acquisitions in Texas by foreign entities that threaten the safety and security of the United States. Further, evaluate large-scale purchases of single-family homes by domestic entities and its impact on housing affordability for Texas families. Make recommendations to ensure Texans are secure from foreign threats and homes are affordable in our state.
- **Responsible Investing:** Study the impact of environmental, social, and governance (ESG) factors on our state’s public pensions, with a focus on proxy voting services. Make recommendations to ensure our state’s pension systems vote and invest in accordance with their fiduciary responsibility to maximize profit. Additionally, monitor the implementation of Senate Bill 13, 87th Legislature, relating to state contracts with and investments in certain companies that boycott energy companies. Specifically, examine how a company is removed from the list of companies that boycott energy companies when the company ceases to boycott energy companies. Report on how frequently the list maintained by the comptroller is updated and make recommendations to ensure an ongoing accurate list.
- **Banning Delta 8 and 9:** Examine the sale of intoxicating hemp products in Texas. Make recommendations to further regulate the sale of these products, and suggest legislation to stop retailers who market these products to children.

7. Discuss and consider governmental relations consultant report and agreement

Presented by Christopher Hanson

AGENDA ITEM 7:

Discuss and consider governmental relations consultant report and agreement

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to receive a report regarding the governmental relations consultant and to consider an engagement with the consultant for 2025.

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends the Committee refer the consulting agreement with HillCo as presented, pending final approval by General Counsel, to the Board for approval

RELEVANCE TO STRATEGIC PLAN

This agenda item is part of **COAERS Strategic Plan Goal 1: Achieve and maintain a funding level that ensures the long-term sustainability of the fund.**

BACKGROUND

Since 2018, COAERS has engaged HillCo Partners (HillCo) for governmental relations and public affairs consulting. Staff will present to the Committee a report on the work of HillCo during 2024 and then discuss the proposed consulting agreement with HillCo for 2025.

ATTACHMENTS

1. Staff Assessment of Governmental Relations Consultant
2. Proposed HillCo agreement January 2025 through December 2025

Summary rating: Outstanding.

HillCo Partners continues to provide objective, strategic advice to COAERS on all governmental affairs matters.

History: HillCo Partners (HillCo) has worked with COAERS as a governmental relations consultant since 2018. Up until the 88th Legislative Session, HillCo focused on monitoring legislative activity related to public pensions and COAERS specifically, as well as providing reports on meetings and hearings of the Texas House and Senate during legislative sessions and in the interim. HillCo also provided updates on matters related to the Texas Pension Review Board, including meeting updates and notice of relevant events such as rule comment periods.

During the 88th Legislative Session, Mr. Solis provided perspective and advice on possible bill sponsors, the approach to committee testimony, managing potential legislative roadblocks, and addressing concerns raised by stakeholders and outside parties. Furthermore, Mr. Solis worked effectively with the governmental relations team at the City of Austin to ensure everyone stayed abreast of key issues. Mr. Solis also provided pertinent advice and information regarding other pension legislation filed during the 88th Legislative Session. Staff received updates on committee hearings, committee substitutes, and other relevant legislative activity on all pension legislation that would impact COAERS.

Ongoing Pension Issues: Mr. Solis monitors and quickly communicates with Staff regarding any public pension issue that could impact COAERS. Mr. Solis regularly emails Staff when the Texas Comptroller updates the list of financial companies that boycott energy, or when the Texas Pension Review Board is seeking feedback on rules or funding guidelines.

Consultant: Mr. Eddie Solis has served as the primary consultant for COAERS during the history of the engagement with HillCo. Mr. Solis has a long history working with Texas public retirement systems, both as a governmental relations consultant and as a member of the Staff of the Texas Municipal Retirement System. Beyond Mr. Solis, HillCo has at times made available other members of their leadership team, including Mr. Bill Miller, a founder of the firm.

Terms of Representation: COAERS engagement with HillCo has been through a consulting agreement. The original agreement ran from April 1, 2018 through June 30, 2019. In subsequent years, engagements occurred through the amendment of the original agreement by changing the representation date to align with calendar years. The fee for services has been \$4,000 per month for a total of \$48,000 per year. Beginning in January 2023, COAERS engagement with HillCo expanded to include the introduction and passage of COAERS and the City of Austin long-term pension

sustainability legislation. The cost of engagement services during the 88th Legislative Session increased to \$10,000 per month through June 30, 2023, then was lowered to the historical rate of \$4,000 per month beginning July 1, 2023.

For 2025, HillCo has requested an increase of the retainer fee to \$5,000 per month. Outside of the 88th Legislative Session, where COAERS sought passage of legislation, the retainer has not increased since the first engagement in 2018. While the increase in year-over-year terms would be 25%, over the length of the entire engagement, this increase would be equivalent to an annual change of 3.25%. This proposed new retainer is still significantly lower than the retainers proposed by the other governmental relations firm reviewed in 2018, which at the time was proposed at \$7,500 per month. Considering the length of time HillCo has kept the retainer the same price, actual price inflation during that time, the cost of other government relations firms, and the outstanding work of HillCo during its engagement, Staff believe the requested increase is reasonable.



**Government and Public Affairs Consulting Agreement
for
City of Austin Employees Retirement System**

2025

This is a consulting agreement effective **January 2025 through December 2025** (the "Agreement"), between HillCo Partners ("Consultant") and Austin Employees Retirement System, Inc. ("COAERS").

1. BASIC TERMS:

Consultant will provide knowledge and services (including research) in the following areas:

- A. During the 89th Regular legislative session, monitor relevant legislation identified by COAERS.
- B. Monitor relevant Texas State Senate and House committee hearings pertaining to Texas public retirement systems, specifically related to COAERS;
- C. Provide hearing summaries and material on matters related to Texas public retirement systems, specifically related to COAERS;
- D. Lobby and represent before Texas legislative members and state officials regarding issues identified to be of importance including:
 - a. City of Austin legislative delegation
 - b. Members of the Texas Senate and Texas House
 - c. Members of the House Pensions Committee
 - d. Members of the Senate State Affairs committee
 - e. Texas Leadership offices; Governor, Lieutenant Governor, Speaker's Office
 - f. Texas Pension Review Board
- E. Advise of upcoming meetings, hearings, briefings and other formal or informal sessions in a timely manner;
- F. Communicate pertinent information;
- G. During legislative session, work to review and track legislation to identify impact and position on pertinent legislation;
- H. Provide updated legislative tracking list for status on bills identified;
- I. Advise of meetings, hearings, briefings and other formal or informal sessions in a timely manner;
- J. Comply with all pertinent Texas rules and regulations governing lobbying activities.

2. TERM OF AGREEMENT:

The Agreement is for 12 months, unless extended by both parties. Either party has the right to unilaterally terminate the Agreement upon 60 days with prior written notice.

3. PAYMENT RATES AND BILLING: The Consultant shall be compensated at the rate of \$5,000 per for the duration of this agreement. Payment to be made after submittal of a billing statement on the first day of each month.

Expenses will be reimbursed to Consultant for any direct expenses incurred by Consultant that have been approved in advance. For the purposes of this section, direct expenses may include any printing costs, express mail, and reasonable travel expenses not to exceed \$250 per month during the legislative interim and not to exceed \$500 per month during a regular legislative session.

4. STATUS AND RESPONSIBILITY OF CONSULTANT:

Consultant shall in all events perform services as an independent contractor. It shall be the responsibility of Consultant to perform all services in conformity and strict compliance with all applicable laws, rules and regulation of the United States and the State of Texas.

5. CONFLICTS OF INTEREST:

Consultant is not to be restricted in his business activities so long as he is reasonably available to perform services hereunder. The Consultant shall not engage in any activity on behalf of others, which would constitute a conflict of interest in light of the Agreement.

6. EXCLUSIVITY PRIORITY:

It is understood and agreed that Consultant may provide similar related services to any non-competitive organization.

Consultant agrees to immediate notification of any conflict of interest that arises in the representation of another entity.

7. SCOPE OF ENGAGEMENT:

Work during the 89th Interim to defend efforts towards any legislation or amendment that, upon agreement between COAERS and Consultant, could have detrimental impact on the health of the COAERS system.

It is agreed that support will be provided to Consultant in furnishing any testimony before legislative committees on behalf of COAERS and other reasonable efforts at the request of Consultant.

Should the scope of service need to expand, this agreement will be amended after discussion and agreement in writing by both parties.

8. EXPANSION OF SCOPE OF SERVICES:

All parties understand that the legislative process is subject to various circumstances which may be of such magnitude to exceed the services contemplated by the parties to be rendered by Consultant under this contract. Should that occur in the course of this agreement, Consultant shall promptly provide notification to COAERS of any such circumstances and the need for additional resources and compensation is addressed by the parties hereto.

If, during the course and scope of this contract, it becomes desirable or necessary to expand the scope of work in this Agreement and propose and work towards passage of legislation, both parties will mutually agree to discuss the role of the expanded services and agree, if necessary, to discuss the payment of additional compensation.

9. COMPLIANCE WITH LAW:

Consultant agrees to perform its obligations under this Agreement in compliance with all Texas applicable laws.

10. COUNTERPARTS:

This Agreement will be executed in two (2) counterparts, each of which shall be deemed an original, but all of which shall be considered one and the same instrument.

For HillCo Partners

(signature)

(printed name)

(date)

For COAERS

(signature)

(printed name)

(date)

8. Review 2024 Committee Work Plan and discuss development of 2025 Work Plan

Presented by Christopher Hanson

AGENDA ITEM 8:
Review 2024 Committee Work Plan and
discuss development of 2025 Committee Work Plan

AGENDA ITEM OBJECTIVE

This agenda item is for the Committee to review the work done by the Committee in 2024 and discuss the development of the 2025 Committee work plan.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and Implement Best Practices**. It is an industry best practice to establish and review Committee work plans.

RECOMMENDATION FOR BOARD ACTION

At the Committee's discretion.

ATTACHMENTS

1. 2024 Committee Work Plan
2. Draft 2025 Committee Work Plan

2024 Legislative Committee Work Plan

Scheduled Meetings

1. June meeting
 - ✓ Review of interim charges and legislative activity

2. November meeting
 - ✓ Post-Election Report
 - ✓ 89th Legislative Session priorities
 - ✓ Governmental relations consultant report and agreement
 - ✓ 2025 Committee work plan

2025 Legislative Committee Work Plan

Scheduled Meetings

Note: Ad-hoc Committee meetings may need to be called during the 89th Legislative Session

1. March Meeting
 - 89th Legislative Session update and report on pension issues
2. June Meeting
 - Review of 89th Legislative Session and report on pension issues
3. November meeting
 - Report on Legislative Interim matters
 - Governmental Relations contract
 - 2026 Committee work plan

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

Presented by Kelly Crook

AGENDA ITEM 9:

Review key meeting takeaways and call for future agenda items

AGENDA ITEM OBJECTIVE

This standing agenda item provides Trustees the opportunity to review the key takeaways from the meeting.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management**. It is an industry best practice to review key meeting takeaways to summarize what was accomplished at the meeting as well as ensure Staff has clear direction on further work and future agenda items.

RECOMMENDATION FOR COMMITTEE ACTION

Trustees will review key meeting takeaways and delineate next steps.