


# March 2024 Policy Committee Meeting


<b>Schedule</b>	Wednesday, March 6, 2024 11:30 AM — 12:30 PM CST
<b>Venue</b>	4700 Mueller Blvd., Austin, TX 78723
<b>Organizer</b>	Sarah McCleary

## Agenda


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1. Call roll of Committee members 1  
Presented by Brad Sinclair  
 Item #1 Summary.docx 2



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  2. Review order of business and establish meeting objectives 3  
Presented by Brad Sinclair  
 Item #2 Summary.docx 4



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  3. Receive public comments 5  
Presented by Brad Sinclair  
 Item #3 Summary.docx 6

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  4. Consider approval of the November 9, 2023 Policy Committee minutes 7  
Presented by Brad Sinclair  
 Item #4 Summary.docx 8  
 2023 11 09 Policy Committee Minutes.docx 9  
**Vote** Vote to approve the November 9, 2023 Policy Committee minutes as presented.

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  5. Review 2024 Policy Committee Work Plan 12  
Presented by Christopher Hanson  
 Agenda Item #5 Summary.docx 13  
 2024 Policy Committee Work Plan.docx 14
-

6. Discuss and consider Policy Committee Charter	15
Presented by Brad Sinclair	
 Agenda Item #6 Summary.docx	16
 06A Draft Policy Committee Charter.pdf	17
<b>Vote</b> Refer to the Board for adoption the Policy Committee Charter as revised.	
<hr/>	
7. Receive report on 2023 administrative budget	18
Presented by Christopher Hanson	
 Item #7 Summary.docx	19
 07 COAERS 2023 Administrative Budget Year-End Report.pdf	20
<hr/>	
8. Receive report on Board policy review cycle	23
Presented by Christopher Hanson	
 Item #8 Summary.docx	24
 Board Policy Review Dashboard.docx	25
<hr/>	
9. Review key meeting takeaways and call for future agenda items	26
Presented by Brad Sinclair	
 Item #9 Summary.docx	27
<hr/>	

# 1. Call roll of Committee members

Presented by Brad Sinclair



**COMMITTEE MEETING**  
**Agenda Item Information Sheet**

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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.

## 2. Review order of business and establish meeting objectives

Presented by Brad Sinclair



## COMMITTEE MEETING Agenda Item Information Sheet

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### 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 review the draft Committee 2024 Work Plan.
2. The Committee will conduct its scheduled review of the Committee Charter.
3. The Committee will receive a report from Staff on the 2023 year-end administrative budget.
4. The Committee will receive a report on the Board Policy review cycle.

#### 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 Brad Sinclair



## COMMITTEE MEETING Agenda Item Information Sheet

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### 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.

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 November 9,  
2023 Policy Committee minutes

Presented by Brad Sinclair



## COMMITTEE MEETING Agenda Item Information Sheet

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### AGENDA ITEM 4:

Consider approval of the November 9, 2023 Policy Committee minutes

#### AGENDA ITEM OBJECTIVE

This standing agenda item seeks approval of the minutes from the prior Policy Committee meetings.

#### RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends approval of the minutes of the November 9, 2023 Policy 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 November 9, 2023 Policy Committee meeting



## MINUTES

### POLICY COMMITTEE

Public Meeting held via videoconference on November 9, 2023 at 11:00 a.m. CT  
Pursuant to Texas Govt. Code 551.127

6850 Austin Center Blvd., Suite 320, Austin, TX 78731

#### Committee Members Present/(Absent)

Yuejiao Liu, Chair  
Michael Benson  
Kelly Crook  
Brad Sinclair  
Diana Thomas

#### Guests:

Paige Saenz, General  
Counsel  
Kevin Baloud,  
WithIntelligence\*  
Bhakti Patel, CLA

#### Other Board Trustees Present/(Absent)

(Amy Hunter)  
Michael Granof  
Dick Lavine  
Chris Noak†  
Anthony B. Ross, Sr.  
(Leslie Pool)

#### Others Present

#### Staff:

Christopher Hanson  
Sarah McCleary  
Russell Nash  
Mehrin Rahman  
David Kushner  
Jenni Bonds  
Yun Quintanilla  
Michelle Mahaini  
Teresa Cantu

\*Present telephonically

† present via videoconference

## 1 Call roll of Committee members

Chair Yuejiao Liu called the meeting to order at 11.33 a.m. The following Committee members were present in person: Benson, Crook, Sinclair, Thomas, and Liu.

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

## 2 Review order of business and establish meeting objectives

Chair Liu reviewed the order of business and objectives with the Committee. No changes were made to the order of business.

**3 Consider approval of the August 31, 2023 Policy Committee minutes**

Chair Liu asked Trustees to review the minutes. Ms. Kelly Crook moved to approve the August 31, 2023 Policy Committee minutes as presented. Mr. Brad Sinclair seconded, and the motion passed unanimously.

**4 Receive report on General Counsel**

Mr. Christopher Hanson presented the annual review of the services provided by the COAERS General Counsel. Mr. Hanson overviewed the scope of services and fees and reviewed related projects as well as legal work by the attorneys representing COAERS from The Knight Law Firm, specifically Ms. Paige Saenz, Ms. Audrey Guthrie, and Mr. Deron Henry.

**5 Discuss and consider Board policy review cycle**

Mr. Hanson presented the Committee with the current list of Board policies, noting that eight policies had been reviewed by COAERS in 2023, and another two will be reviewed at subsequent meetings then discussed at the December Board meeting. Mr. Hanson noted that the Funding Policy, to be updated in alignment with COAERS legislation, has been pushed back to 2024.

**6 Discuss and consider 2024 administrative budget**

Mr. Christopher Hanson presented the proposed 2024 administrative budget and highlighted the major changes in personnel, professional services, building and equipment, information technology, communications, continuing education, and capital equipment. He noted that the proposal supports the mission, vision, and goals of COAERS' strategic plan.

Ms. Crook moved to refer the 2024 Administrative Budget to the Board for approval. Ms. Thomas seconded, and the motion passed unanimously.

**7 Discuss and consider Records Management Policy**

Mr. Russell Nash presented proposed revisions to the Records Management Policy to the Committee. Ms. Thomas moved to recommend to the Board the Records Management Policy as presented. Mr. Sinclair seconded, and the motion passed unanimously.

**8 Review 2023 Committee Work Plan and discuss development of 2024 Committee Work Plan**

Mr. Christopher Hanson noted that the Committee had completed all goals on the

2023 Work Plan. A draft of the 2024 Committee Work Plan was presented and discussed.

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

Chair Liu 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 12:24 p.m.

# 5. Review 2024 Policy Committee Work Plan

Presented by Christopher Hanson



## COMMITTEE MEETING Agenda Item Information Sheet

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### AGENDA ITEM 5: Review 2024 Policy Committee Work Plan

#### AGENDA ITEM OBJECTIVE

This agenda item is for discussion of the 2024 Committee Work Plan.

#### RECOMMENDATION FOR COMMITTEE ACTION

For informational purposes only; no action required.

#### 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 and review Committee work plans.

#### ATTACHMENT

1. 2024 Committee Work Plan

## 2024 Policy Committee Work Plan

### Scheduled Quarterly Meetings

1. March meeting
  - Cycle-review of Board Policies
  - Report on 2023 administrative budget
  - Committee Charter
2. August meeting
  - 2025 administrative budget horizon issues
  - Report 2024 YTD administrative budget
  - Communications Policy
3. November meeting
  - 2025 administrative budget
  - Cycle-review of Board Policies
  - 2024 Legal counsel report
  - 2025 Committee Work Plan



## 6. Discuss and consider Policy Committee Charter

Presented by Brad Sinclair



## COMMITTEE MEETING Agenda Item Information Sheet

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### AGENDA ITEM 6: Discuss and consider Policy Committee Charter

#### AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to conduct its periodic review of the Committee Charter.

#### RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends the Committee refer to the Board for adoption the Policy Committee Charter as revised.

#### ITEM SUMMARY

The Policy Committee Charter is to be reviewed at least every three years and its review is on the Committee work plan for 2024. Staff has reviewed the Committee Charter and has two proposed revisions:

1. Update the charter language related to the purpose of the Committee as it is no longer current; and
2. Update the date of last review and adoption.

#### 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**. Oversight of Board policy review is a best practice and ensures the Board is carrying out its governance functions effectively.

#### ATTACHMENT

1. Draft Policy Committee Charter

## City of Austin Employees' Retirement System Charter for the Policy Committee

### Introduction

- 1) The purpose of the Policy Committee is to consider and recommend general policy matters; monitor the implementation, compliance, and review of Board policies and guidelines. ~~consider and recommend Board adoption of policies regarding Board governance, Committee roles, authority, and procedures, and other general policy issues, and represent the Board on personnel issues in accordance with approved personnel policy.~~
- 2) The Policy Committee will consist of the Board Chair, Vice Chair, and the Chairs of all standing Board Committees.
- 3) The Board Chair will serve as Chair of the Policy Committee.

### Duties and Responsibilities

The Policy Committee will:

1. Review with management the annual administrative operating budget and submit for Board approval
2. Create and monitor the cycle for the review of assigned policies
3. Review assigned policies periodically for update recommendations
4. Consider and recommend Board policies assigned to the Committee or not assigned to other Committees
5. Annually review the performance of legal counsel.

### Monitoring and Reporting

- 1) The Policy Committee will ensure that the necessary reporting and monitoring practices are established to provide the Board with the information it requires to effectively oversee policy creation at the System. The Committee will set out these practices in policy.
- 2) The Policy Committee will report to the Board on its activities.

### Charter Review and History

- 1) This Charter will be reviewed at least every three years for continued relevancy and appropriateness.
- 2) The Board adopted this Charter on ~~January 31, 2022~~ March 28, 2024.

## 7. Receive report on 2023 administrative budget

Presented by Christopher Hanson



## COMMITTEE MEETING Agenda Item Information Sheet

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### AGENDA ITEM 7: Receive report on 2023 administrative budget

#### AGENDA ITEM OBJECTIVE

This agenda item is for the Committee to fulfill its monitoring responsibility with respect to System administrative expenses as Staff will report to the Committee on actual versus budgeted expenditures for 2023.

#### RECOMMENDATION FOR COMMITTEE ACTION

For informational purposes only; no action required.

#### ITEM SUMMARY

Attached is the year-end report for the 2023 administrative budget measuring the approved budget against actual expenditures. Overall, total expenditures were 11.5% less than the total approved budget. Savings resulted from matters such as:

- Less need for legal and actuarial professional services during the legislative session.
- Staff negotiation on fiduciary and directors/officers' insurance as well as operating bank fees
- Utilizing cost-efficient measures such as free locations for member events such as the annual member meeting at the Austin Energy facility
- Staff turnover and delayed transition converting member service coordinators to member service specialists.

One area which was significantly over budget was costs associated with Board continuing education. Staff has discussed this with the Committee last year and increased that particular budget in 2024 to \$60,000.

#### RELEVANCE TO STRATEGIC PLAN

This agenda item aligns with one of the five core competencies established in the COAERS Strategic Plan: "**Dependable Operations: Managing the financial and operational commitments of the system within appropriate measurable standards.**"

#### ATTACHMENT

1. 2023 Administrative Budget Report

COAERS 2023 Administrative Budget Final				
	2023 Budgeted	2023 Expenditures	2023 Remaining Balance	2023 Percent Remaining
<b>Total Personnel Budget</b>				
Total Salaries and Cash Compensation	3,440,944	3,254,554	186,390	5.9%
Payroll Taxes	265,954	208,108	57,846	21.8%
Group Insurance Benefits	488,728	397,602	91,126	19.5%
Retirement Contributions	653,780	605,052	48,728	8.0%
Retirement/Terminal Pay	60,000	-	60,000	100.0%
Contract labor	2,600	-	2,600	100.0%
<b>Total personnel costs</b>	<b>4,939,512</b>	<b>4,465,316</b>	<b>474,197</b>	<b>9.6%</b>
<b>Total Approved FTEs: 26</b>				
<b>Professional Services</b>				
<b>Total Professional Services costs</b>	<b>445,000</b>	<b>353,740</b>	<b>91,260</b>	<b>20.5%</b>
<b>Building and Equipment</b>				
<b>Total Building and Equipment costs</b>	<b>526,725</b>	<b>477,089</b>	<b>49,636</b>	<b>9.4%</b>
<b>Information Technology Resources</b>				
<b>Total Information Technology costs</b>	<b>764,550</b>	<b>681,396</b>	<b>83,154</b>	<b>10.9%</b>
<b>Travel and Training</b>				
<b>Total Travel and Training costs</b>	<b>85,000</b>	<b>101,712</b>	<b>(16,712)</b>	<b>-19.7%</b>
<b>Communications</b>				
<b>Total Communications costs</b>	<b>124,250</b>	<b>95,784</b>	<b>28,466</b>	<b>22.9%</b>
<b>Other Administrative</b>				
<b>Total Other Administrative costs</b>	<b>353,500</b>	<b>247,930</b>	<b>105,570</b>	<b>29.9%</b>
<b>Capital Projects and Events</b>				
Pension Administration System	54,600	21,450	33,150	60.7%
Capital Improvements Program	60,000	61,110	(1,110)	-1.9%
<b>Total Capital Projects</b>	<b>114,600</b>	<b>82,560</b>	<b>32,040</b>	<b>28.0%</b>
<b>Total Administrative Expense Budget</b>	<b>\$ 7,353,137</b>	<b>\$ 6,505,527</b>	<b>\$ 847,610</b>	<b>11.5%</b>

COAERS 2023 Administrative Budget Detail Final 12.31.23				
	2023 Budgeted	2023 Expenditures	2023 Remaining Balance	2023 Percent Remaining
<b>Personnel</b>				
<b>Total Personnel Budget</b>				
Total Salaries and Cash Compensation	3,459,792	3,254,554	205,238	5.9%
Payroll Taxes	265,954	208,108	57,846	21.8%
Group Insurance Benefits	493,805	397,602	96,203	19.5%
Retirement Contributions	657,361	605,052	52,309	8.0%
Retirement/Terminal Pay	60,000	-	60,000	100.0%
Contract labor	2,600	-	2,600	100.0%
<b>Total personnel costs</b>	<b>4,939,512</b>	<b>4,465,316</b>	<b>474,197</b>	<b>9.6%</b>
<b>Total Approved FTEs: 26</b>				
<b>Professional Services</b>				
Actuary	140,000	116,125	23,875	17.1%
Attorney: General Counsel	100,000	54,994	45,006	45.0%
Attorney: Tax Counsel	20,000	15,681	4,320	21.6%
Audit: Internal and External	70,000	66,000	4,000	5.7%
Medical Review: Disability	11,000	4,941	6,059	55.1%
Governmental Relations	84,000	84,000	-	0.0%
Other	20,000	12,000	8,000	40.0%
<b>Total Professional Services costs</b>	<b>445,000</b>	<b>353,740</b>	<b>91,260</b>	<b>20.5%</b>
<b>Building and Equipment</b>				
Building Maintenance	25,600	11,480	14,120	55.2%
Northpoint Lease	480,000	454,766	25,234	5.3%
Equipment Maintenance & Leases	8,000	9,179	(1,179)	-14.7%
Insurance: Property & Casualty	13,125	1,664	11,461	87.3%
<b>Total Building and Equipment costs</b>	<b>526,725</b>	<b>477,089</b>	<b>49,636</b>	<b>9.4%</b>
<b>Information Technology</b>				
Business Continuity	71,200	70,465	735	1.0%
General Computer Support	138,150	134,563	3,587	2.6%
Dynamics GP License and Support	30,000	10,940	19,060	63.5%
Pension Admin System Licenses and Support	157,000	144,892	12,108	7.7%
Cybersecurity Initiatives	299,200	259,743	39,457	13.2%
Telecommunications	69,000	60,793	8,207	11.9%
<b>Total Information Technology costs</b>	<b>764,550</b>	<b>681,396</b>	<b>83,154</b>	<b>10.9%</b>

COAERS 2023 Administrative Budget Detail Final 12.31.23				
	2023 Budgeted	2023 Expenditures	2023 Remaining Balance	2023 Percent Remaining
<b>Travel and Training</b>				
Board Continuing Education	40,000	64,916	(24,916)	-62.3%
Staff Continuing Education	45,000	36,796	8,204	18.2%
<b>Total Travel and Training costs</b>	<b>85,000</b>	<b>101,712</b>	<b>(16,712)</b>	<b>-19.7%</b>
<b>Communications</b>				
Printing	61,250	59,974	1,276	2.1%
Postage and Mailing	34,500	20,474	14,026	40.7%
Member Education	10,000	3,936	6,064	60.6%
Digital Communications	18,500	11,400	7,100	38.4%
<b>Total Communications costs</b>	<b>124,250</b>	<b>95,784</b>	<b>28,466</b>	<b>22.9%</b>
<b>Other Administrative</b>				
Insurance: Fiduciary/D&O Liability	227,500	171,572	55,928	24.6%
Advertising	5,000	2,536	2,464	49.3%
Bank Fees	4,500	-	4,500	100.0%
Delivery Service	5,000	459	4,541	90.8%
Memberships, Subscriptions, and fees	45,000	40,245	4,755	10.6%
Meetings and Events	40,000	18,495	21,505	53.8%
Awards and Recognition	2,500	1,408	1,092	43.7%
Mileage	2,000	230	1,770	88.5%
Miscellaneous	2,000	409	1,591	79.6%
Office Supplies	20,000	12,577	7,423	37.1%
<b>Total Other Administrative costs</b>	<b>353,500</b>	<b>247,930</b>	<b>105,570</b>	<b>29.9%</b>
<b>Capital Projects and Events</b>				
<b>Capital Projects</b>				
Pension Administration System	54,600	21,450	33,150	60.7%
Capital Improvements Program	60,000	61,110	(1,110)	-1.9%
<b>Total Capital Projects</b>	<b>114,600</b>	<b>82,560</b>	<b>32,040</b>	<b>28.0%</b>
<b>Total Administrative Budget</b>	<b>7,353,137</b>	<b>6,505,527</b>	<b>847,610</b>	<b>11.5%</b>



## 8. Receive report on Board policy review cycle

Presented by Christopher Hanson



## COMMITTEE MEETING Agenda Item Information Sheet

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### AGENDA ITEM 8: Receive report on Board policy review cycle

#### AGENDA ITEM OBJECTIVE

This agenda item is for the Committee to fulfill its monitoring responsibility with respect to Board policies. The Policy Charter states that the Committee will create and monitor the cycle for the review of assigned policies.

#### RECOMMENDATION FOR COMMITTEE ACTION

For informational purposes only.

#### ITEM SUMMARY

One of the key oversight functions of the Committee is to ensure that Board-approved policies are reviewed at appropriate intervals. Staff will review the current Board Policy review cycle with the Committee.

#### 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**. Oversight of Board policy review is a best practice and ensures the Board is carrying out its governance functions effectively.

#### ATTACHMENT

1. Board Policy Review Dashboard



## Board Policy Review Dashboard

Policy Name	Committee Assigned to Review	Review Cycle	Last Reviewed	Next Review Date
<b>Review Due in 2024</b>				
Appointments to Fill Unexpired Terms	Not assigned	N/A	9/1/2003	2024
Bylaws	Not assigned	As necessary	3/31/2022	2024
Communications	Policy	Annually	9/21/2023	2024
Diversity	Governance and HR	Annually	9/21/2023	2024
Election	Governance and HR	Annually	6/29/2023	2024
Emergency Succession	Governance and HR	Annually	9/21/2023	2024
Enterprise Risk	Audit and Risk	At least every three years	12/14/2021	2024
Fraud, Waste, and Abuse	Audit and Risk	Annually	3/30/2023	2024
Funding	Benefits and Services	At least every two years	9/1/2020	2024
Investment Implementation Policy (IIP)	Investment	At least annually	3/30/2023	2024
Investment Policy Statement (IPS)	Investment	At least annually	3/30/2023	2024
Travel Reimbursement	Audit and Risk	As necessary	9/1/2021	2024
<b>Review Due in 2025 or later</b>				
Benefits Administration	Benefits and Services	At least every three years	9/22/2022	2025
Code of Ethics	Governance and HR	Every 2 years corresponding w/ Leg Session	9/21/2023	2025
Financial Statement Audit	Audit and Risk	As necessary	3/1/2021	2025
Governance Manual	Governance and HR	At least every three years	12/15/2022	2026
Personnel	Governance and HR	Every three years	9/22/2022	2025
Education	Governance and HR	At least every 3 years.	12/17/2023	2026
Records Management	Policy	At least every 3 years.	12/17/2023	2026

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

Presented by Brad Sinclair



## COMMITTEE MEETING Agenda Item Information Sheet

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### 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.

#### RECOMMENDATION FOR COMMITTEE ACTION

Trustees will review key meeting takeaways and delineate next steps.

#### 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.