


Policy Committee March meeting

Schedule	Thursday, March 10, 2022 2:30 PM — 3:30 PM CST
Venue	6850 Austin Center Blvd., Suite 320, Austin, TX 78731
Organizer	Sarah McCleary

Agenda


1. Call roll of Committee members

Presented by Chair Noak

 [Item #1 Summary.docx](#)


2. Review order of business and establish meeting objectives

Presented by Chair Noak

 [Item #2 Summary.docx](#)

3. Review 2022 Policy Committee Work Plan


Presented by Christopher Hanson

 [Item #3 Summary.docx](#)

 [Draft 2022 Policy Committee Work Plan.docx](#)

4. Consider approval of the November 16 and December 2, 2021 Policy Committee minutes

Presented by Chair Noak

 [Item #4 Summary.docx](#)

 [2021 11 16 Policy Committee Minutes.docx](#)

 [2021 12 02 Policy Committee Minutes.docx](#)

5. Discuss and consider Board policy review cycle


Presented by Christopher Hanson


 [Item #5 Summary.docx](#)

 [Board Policy Review Dashboard.docx](#)

6. Receive report on 2021 administrative budget

Presented by Christopher Hanson

 Item #6 Summary.docx

 2021 Administrative Budget Year-End Report .pdf

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

Presented by Chair Noak

 Item #7 Summary.docx

1. Call roll of Committee members

Presented by Chair Noak

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.

Each Trustee should respond to the roll call, and it will be noted which Trustees are present in person and which Trustees have joined via video conference.

2. Review order of business and establish meeting objectives

Presented by Chair Noak

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. The time frames on the agenda are for informational purposes only.

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.

MEETING OBJECTIVES

1. The Committee will review the draft 2022 Committee work plan.
2. The Committee will discuss and consider the policy review cycle.
3. The Committee will receive a report on the 2021 administrative budget.

3. Review 2022 Policy Committee Work Plan

Presented by Christopher Hanson

AGENDA ITEM 3:
Review 2022 Policy Committee Work Plan

AGENDA ITEM OBJECTIVE

This agenda item is for discussion and consideration of the 2022 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 and review Committee work plans.

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

ATTACHMENT

1. Draft 2022 Committee Work Plan

2022 Draft Policy Committee Work Plan

Scheduled Quarterly Meetings

1. March meeting (3/10/22)
 - Cycle-review of Board Policies
 - Report on 2021 administrative budget

2. August meeting (8/25/2022)
 - Communications Policy
 - 2023 administrative budget
 - Report 2022 YTD administrative budget

3. November meeting (11/10/22)
 - 2023 administrative budget
 - 2023 Legal counsel report (conducted by Staff and Chair)

4. Consider approval of the November 16 and December 2, 2021 Policy Committee minutes

Presented by Chair Noak

AGENDA ITEM 4:

Consider approval of the November 16 and December 2, 2021 Policy Committee minutes

AGENDA ITEM OBJECTIVE

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

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.*”

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends approval of the minutes of the November 16 and December 2, 2021 Policy Committee meetings.

ATTACHMENTS

1. Draft minutes of November 16, 2021 Policy Committee meeting
2. Draft minutes of December 2, 2021 Policy Committee meeting

MINUTES

Policy Committee

Public Meeting held in person and via videoconference

on November 16, 2021, at 12 p.m. CT

Pursuant to Texas Govt. Code 551.125 – COVID-19 circumstances

Committee Members

Present/ (Absent)

(Chris Noak, Chair)
Yuejiao Liu
Frank Merriman
Michael Benson
Brad Sinclair

Other Board Trustees

Present/ (Absent)

(Kelly Crook)
(Amy Hunter)
(Leslie Pool)
(Anthony B. Ross)
(Randy Spencer)
(Diana Thomas)

Others Present:

Staff

Christopher Hanson
Russell Nash
Donna Boykin*
Sarah McCleary
Amy Kelley*
Mehrin Rahman
Jenni Bonds*
Yun Quintanilla*

Guests

Paige Saenz, General
Counsel*

*Present via videoconference

1 Call meeting to order

Vice-Chair Michael Benson called the meeting to order at 12:01 p.m. The following Committee members were present in person: Benson, Liu, Merriman, and Sinclair.

2 Review order of business and establish meeting objectives

Vice-Chair Benson reviewed the order of business and meeting objectives with the Committee.

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

3 Consider approval of the August 31, 2021 Governance Committee minutes

Vice-Chair Benson asked the Committee to review the Policy Committee minutes. Mr. Frank Merriman moved approval of the August 31, 2021 minutes as presented. Ms. Yuejiao Liu seconded, and the motion passed 4-0.

4 Discuss and consider process for appointment for Trustee Place 5

Mr. Christopher Hanson indicated that all applicants for the Place 5 appointment were included in the packet. Committee members indicated they would like to interview both candidates. The Committee also considered the approach to the interview discussing the questions to be asked. The Committee directed Staff to poll for a time on December 2 for a called Committee Meeting and check the availability of both candidates and their virtual or in-person preferences.

5 Discuss and consider Board Bylaws

Mr. Hanson presented proposed revisions to the Board Bylaws that reflected the governance decisions the Board considered during 2021. Revisions included changes to the Committee structure with the addition of a new Governance and Human Resources Committee; a new Legislative Committee; and the dissolution of the Disability Committee. He noted areas that the Board should consider, such as whether the Chair should be a voting member of all committees and whether the Policy Committee should continue to be composed of the Chair, Vice-Chair, and all Committee chairs. The Committee directed Staff to continue working with the Board Chair to finalize the edits and bring the Bylaws to the December 2021 Board meeting for discussion.

6 Discuss and consider Personnel Policy

Mr. Hanson noted that the Personnel Policy was due for review as part of the normal three-year cycle and introduced suggested edits.

Mr. Brad Sinclair moved to refer the Personnel Policy as presented to the Board for approval. Ms. Liu seconded, and the motion passed 4-0.

7 Receive report on General Counsel

Mr. Russell Nash presented the annual review of the General Counsel.

8 Review 2021 Committee Work Plan and discuss development of 2022 Committee Work Plan

Mr. Hanson noted that the Committee had completed all goals on the 2021 Work Plan. A draft of the 2022 plan was presented.

9 Review key meeting takeaways and call for future agenda items

Vice-Chair Benson summarized the actions taken and information discussed at the meeting and provided an opportunity to add future agenda items.

As there were no further items to address, the meeting adjourned at 12:47 p.m.



MINUTES

POLICY COMMITTEE

Public Meeting held in-person and telephonically on December 2, 2021 at 10 a.m. CT
Pursuant to Texas Govt. Code 551.125 – COVID-19 circumstances

Committee Members Present/(Absent)

Chris Noak, Chair
Yuejiao Liu*
Frank Merriman
Michael Benson
Brad Sinclair*

Other Board Trustees Present/(Absent)

(Kelly Crook)
(Amy Hunter)
(Leslie Pool)
Anthony B. Ross
(Randy Spencer)
(Diana Thomas)

Others Present

Staff:
Christopher Hanson
Russell Nash*
Sarah McCleary
Amy Kelley*
Mehrin Rahman
Jenni Bonds*

*Denotes virtual attendance

Guests:
Paige Saenz, General
Counsel
Dr. Michael Granof
Sharmila Kassam

1 Call meeting to order

Chair Chris Noak called the meeting to order at 10:03 a.m. The following Committee members were present in person: Benson, Merriman, and Noak. Ms. Liu was present via video conference.

2 Review order of business and establish meeting objectives

Chair Noak reviewed the order of business and meeting objectives with the Committee.

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

3 Appointment of Trustee Place 5

A. Convene into Executive Session pursuant to Section 551.074, Texas Government Code, to consider candidates to be appointed to Trustee Place 5

B. Reconvene into public session and take action as determined appropriate in the Committee's discretion regarding the appointment of a candidate to Place 5

The Committee convened into Executive Session at 10:06 a.m. and reconvened into public session at 11:53 a.m.

Mr. Michael Benson moved to recommend to the Board Dr. Michael Granof for appointment to Place 5. Ms. Yuejiao Liu seconded, and the motion passed unanimously.

4 Review key meeting takeaways and call for future agenda items

Chair Noak summarized the decision made and provided an opportunity to add future agenda items.

As there were no other items to address, the meeting adjourned at 11:55 a.m.

5. Discuss and consider Board policy review cycle

Presented by Christopher Hanson

AGENDA ITEM 5:
Discuss and consider Board policy review cycle

AGENDA ITEM OBJECTIVE

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

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.

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends that the Committee oversee the 2022 policy reviews and discuss if the frequency of review is appropriate.

BACKGROUND

One of the key oversight functions of the Committee is to ensure that Board approved policies are reviewed at appropriate intervals. Eight policies are due for review in 2022 and have been added to the appropriate committees' work plans. Several are to be reviewed "as necessary" and the Committee may recommend their review within a specific timeframe.

ATTACHMENT

1. Board Policy Review Dashboard

Policy Name	Committee Assigned to Review	Review Cycle	Last Reviewed	Next Review Date
Review Due Now				
Benefits Administration	Benefits and Services	At least every three years	12/1/2019	2022
Diversity	Governance and HR	Annually	6/1/2021	2022
Election	Governance and HR	Annually	6/1/2021	2022
Emergency Succession	Governance and HR	Annually	6/1/2021	2022
Funding	Benefits and Services	At least every two years	9/1/2020	2022
Investment Policy Statement (IPS)	Investment	At least annually	3/1/2021	2022
Investment Implementation Policy (IIP)	Investment	At least annually	7/1/2021	2022
Communication	Policy	Annually	9/1/2021	2022
Review As Necessary				
Financial Statement Audit	Audit and Risk	As necessary	3/1/2021	
Travel Reimbursement	Audit and Risk	As necessary	9/1/2021	
Bylaws	Full Board	As necessary	12/1/2021	
Appointments to Fill Unexpired Terms	Not assigned	N/A	9/1/2003	
Code of Ethics	Policy	As necessary	12/1/2020	
Education	Policy	As necessary	12/1/2017	
Records Management	Policy	As necessary	6/1/2017	
Review Complete				
Enterprise Risk	Audit and Risk	At least every three years	12/1/2021	2024

6. Receive report on 2021 administrative budget

Presented by Christopher Hanson

AGENDA ITEM 6:
Receive report on 2021 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 2021.

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.*”

RECOMMENDATION FOR COMMITTEE ACTION

For informational purposes only; no action required.

BACKGROUND

Staff will review the final year-end administrative expenditures against the Board approved 2021 administrative budget.

ATTACHMENT

1. 2021 Administrative Budget Report

COAERS 2021 Administrative Budget Year-End Summary				
	2021 Budget	2021 YE	Remaining Balance	Percent Expended
Total Personnel Budget				
Total Salaries and Cash Compensation	2,898,292	2,800,354	97,938	96.6%
Payroll Taxes	209,458	178,938	30,520	85.4%
Group Insurance Benefits	471,248	388,892	82,356	82.5%
Retirement Contributions	542,886	512,485	30,401	94.4%
Contract labor	2,600	-	2,600	0.0%
Total personnel costs	4,124,484	3,880,669	243,815	94.1%
Total Approved FTEs: 24				
Professional Services				
Total Professional Services costs	454,920	393,793	61,127	86.6%
Building and Equipment				
Total Building and Equipment costs	512,200	464,408	47,792	90.7%
Information Technology Resources				
Total Information Technology costs	754,774	644,589	110,185	85.4%
Travel and Training				
Total Travel and Training costs	78,000	35,968	42,032	46.1%
Communications				
Total Communications costs	142,250	100,576	41,674	70.7%
Other Administrative				
Total Other Administrative costs	263,810	237,888	25,922	90.2%
Capital Projects and Events				
Total Capital Projects and Events costs	76,500	37,261	39,239	48.7%
Contingency Budget				
Total Contingency Budget costs	192,000	16,397	175,603	8.5%
Total Administrative Expense Budget	\$ 6,598,938	\$ 5,822,216	\$ 776,722	88.2%

COAERS 2021 Administrative Budget Year-End Detail				
	2021 Budget	2021 YE	Remaining Balance	Percent Expended
Total Personnel Budget				
Total Salaries and Compensation	2,898,292	2,800,354	97,938	96.6%
Payroll Taxes	209,458	178,938	30,520	85.4%
Group Insurance Benefits	471,248	388,892	82,356	82.5%
Retirement Contributions	542,886	512,485	30,401	94.4%
Contract labor	2,600	-	2,600	0.0%
Total personnel costs	4,124,484	3,880,669	243,815	94.1%
Total Approved FTEs: 24				
Professional Services				
Actuary	125,000	62,541	62,459	50.0%
Attorney: General Counsel	75,000	57,481	17,519	76.6%
Attorney: Tax Counsel	10,000	5,320	4,680	53.2%
Audit: Internal and External	135,000	121,375	13,625	89.9%
Medical Review: Disability	10,000	4,329	5,671	43.3%
Governmental Relations	48,000	48,000	-	100.0%
Governance Review	31,920	74,747	(42,827)	234.2%
Benchmarking Services	20,000	20,000	-	100.0%
Total Professional Services costs	454,920	393,793	61,127	86.6%
Building and Equipment				
Building Maintenance	31,200	14,257	16,943	45.7%
Northpoint Lease	460,000	431,377	28,623	93.8%
Equipment Maintenance & Leases	16,000	10,473	5,527	65.5%
Insurance: Property & Casualty	5,000	8,301	(3,301)	166.0%
Total Building and Equipment costs	512,200	464,408	47,792	90.7%
Information Technology				
Business Continuity	62,200	60,755	1,445	97.7%
General Computer Support	115,574	111,076	4,498	96.1%
Dynamics GP License and Support	30,000	13,514	16,486	45.0%
Pension Admin System Licenses and Support	277,000	207,807	69,193	75.0%
Cybersecurity Initiatives	220,000	202,838	17,162	92.2%
Telecommunications	50,000	48,600	1,400	97.2%
Total Information Technology costs	754,774	644,589	110,185	85.4%

COAERS 2021 Administrative Budget Year-End Detail				
	2021 Budget	2021 YE	Remaining Balance	Percent Expended
Travel and Training				
Board Continuing Education	33,000	16,812	16,188	50.9%
Staff Continuing Education	45,000	19,156	25,844	42.6%
Total Travel and Training costs	78,000	35,968	42,032	46.1%
Communications				
Printing	45,150	33,136	12,014	73.4%
Postage and Mailing	43,500	23,362	20,138	53.7%
Member Education	-	-	-	0.0%
Digital Communications	53,600	44,078	9,522	82.2%
Total Communications costs	142,250	100,576	41,674	70.7%
Other Administrative				
Insurance: Fiduciary/D&O Liability	188,750	184,916	3,834	98.0%
Advertising	3,000	2,706	294	90.2%
Bank Fees	4,500	4,209	291	93.5%
Delivery Service	2,000	1,872	128	93.6%
Memberships, Subscriptions, and Fees	40,000	34,062	5,938	85.2%
Meetings and Events	-	-	-	0.0%
Awards and Recognition	1,560	1,165	395	74.7%
Mileage	2,000	1,807	193	90.3%
Miscellaneous	2,000	1,121	879	56.1%
Office Supplies	20,000	6,029	13,971	30.1%
Total Other Administrative costs	263,810	237,888	25,922	90.2%
Capital Projects and Events				
Capital Projects				
Pension Administration System	45,000	12,038	32,963	26.8%
Capital Improvements Program	31,500	25,224	6,276	80.1%
Total Projects and Events costs	76,500	37,261	39,239	48.7%
Contingency Budget				
Building Maintenance	25,000	-	25,000	0.0%
Information Technology	30,000	-	30,000	0.0%
Traditional Meetings	12,000	2,246	9,754	18.7%
Office Furniture and Equipment	45,000	3,018	41,982	6.7%
Computer Hardware and Software	30,000	21,801	8,199	72.7%
Retirement/Terminal Pay	50,000	-	50,000	0.0%
Total Contingency Budget	192,000	27,065	164,935	14.1%
Total Administrative Expense Budget	\$ 6,598,938	\$ 5,822,216	\$ 776,722	88.2%

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

Presented by Chair Noak

AGENDA ITEM 7:

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.