



CITY OF AUSTIN  
EMPLOYEES' RETIREMENT SYSTEM

## MINUTES

### BOARD MEETING

Public Meeting held in-person and telephonically on September 21, 2023 at 10:00 am CT  
Pursuant to Texas Govt. Code 551.127

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#### **Board Members Present**

Michael Benson  
Kelly Crook  
Michael Granof†  
Dick Lavine  
Yuejiao Liu, Chair  
Chris Noak†  
Anthony B. Ross, Sr.  
Brad Sinclair†  
Diana Thomas

#### **Board Members Absent**

Amy Hunter  
Leslie Pool

#### **Guests:**

Paige Saenz, General Counsel  
Kevin Balaod, With Intelligence\*  
Spencer Hunter, RVK

#### **Staff:**

Christopher Hanson  
David Kushner  
David Stafford  
Jenni Bonds  
Mehrin Rahman  
Michelle Mahaini\*  
Russell Nash  
Sarah McCleary  
Teresa Cantu  
Ty Sorrel  
Kelly Doggett  
Yun Quintanilla\*

\* present telephonically

† present via videoconference

#### **1 Call meeting to order**

Chair Yuejiao Liu called the meeting to order at 10:02 a.m.

#### **2 Call roll of Trustees**

Ms. Sarah McCleary called the roll. The following Trustees were present in person: Benson, Crook, Lavine, Liu, Ross, and Thomas. The following Trustees were present via videoconference: Granof, Noak, and Sinclair.

#### **3 Review order of business and establish meeting objectives**

Chair Liu reviewed the objectives of the meeting and asked if Trustees needed to take any agenda items out of order. No changes were made to the order of the agenda.

#### **4 Receive System member and public comments**

Chair Liu asked if there was anyone who wished to make a public comment; there were none.

- 5 Consent items - 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. June 29, 2023 Board meeting minutes**
  - B. July 27, 2023 Member meeting minutes**
  - C. Ratification, confirmation, and approval of Benefits and Services Committee recommendation on Disability Applications #2305, #2306, and #2307**
  - D. Ratification of June, July, and August 2023 retirements**

Ms. Diana Thomas moved to approve the consent agenda. Mr. Dick Lavine seconded, and the motion passed 9-0.

- 6 Receive reports on the following Board administrative matters including:**
- A. Ethics policy disclosure statements**
  - B. 2023 meeting calendar**
  - C. August 25, 2023 Investment Committee meeting**
  - D. August 31, 2023 Audit and Risk Committee meeting**
  - E. August 31, 2023 Benefits and Services Committee meeting**
  - F. August 31, 2023 Governance and HR Committee meeting**
  - G. August 31, 2023 Policy Committee meeting**

*Staff Declarations:*

Chris Hanson declared attendance at the NASRA Annual Conference from August 3-9 with breakfast, lunch, and dinner provided. Russell Nash declared meetings with Brian Hall, Thompson Reuters, and meeting with Jeff Anderson, PBI.

Chair Liu noted that Trustees with questions on the Committee meeting reports should contact Staff.

- 7 Investment Committee**
- A. Discuss and consider Premier List for Global Equities**

Mr. David Stafford presented an overview of the current construction and composition of the Global Equities allocation. He discussed the recent underperformance relative to the benchmark as the more diversified approach employed in the Fund in US equities has lagged the tech driven, heavily concentrated, cap weighted benchmark. Mr. Stafford noted that the Staff has provided an updated Global Equities Premier List, "Option B", as new information had been provided between the Committee and Board meeting. Mr. Stafford reported that the Staff recommended Premier List Option B in light of the new information.

Mr. Lavine moved to approve the Premier List Option B. Ms. Thomas seconded, and the motion passed 9-0.

- B. Receive report on updated Asset/Liability study**

Mr. Christopher Hanson presented the results of an updated Asset/Liability Study by RVK considering the recent legislation passing. Mr. Hanson reported that the funded position improved under all scenarios with the passage of the legislation. Mr. Stafford then discussed certain key takeaways of the study noting better outcomes due to actuarially determined contributions, the impact of expected returns below the assumed rate of return, the System

could bear marginally more risk, slightly better outcomes with asset allocations that use more private markets exposures, and improvements in the liquidity profile of the System.

**C. Discuss and consider Asset Allocation Study**

Mr. Hanson discussed the impact of broadening the opportunity set of investments in light of the updated Asset/Liability Study. Mr. Spencer Hunter with RVK shared an updated Asset Allocation Study which included a new “Potential Target” asset allocation. Mr. Stafford explained that the Investment Committee had considered this “Potential Target” in terms of both functional portfolio construction and using the statistical outputs from mean variance optimization. Mr. Stafford noted that this analysis suggested that the “Potential Target” portfolio was likely to have higher returns with less risk by increasing diversification with less reliance on public equities. The “Potential Target” included a new 10% allocation to Private Credit, removed the 7% allocation to Multi-Asset, and reduced Global Equities by 3%.

Mr. Lavine moved to approve the “Potential Target” portfolio and direct Staff and Consultant to develop the associated policies and implementation plans, education, and governance reviews for the Board’s future consideration. Mr. Anthony Ross seconded, and the motion passed 9-0.

Mr. Hanson noted that further discussions would occur at the October workshop.

**D. Discuss and consider strategic policy rebalancing and delegated authority**

Mr. Hanson reported that Staff did not utilize the policy deviation that was approved at the June Board meeting regarding rebalancing. Mr. Stafford noted that the Fund is positioned with a heavy overweight to Cash & Equivalents and heavy underweights to Multi-Asset and Fixed Income and suggested that this positioning remained prudent. Mr. Stafford explained that given market dynamics and expiration of the previous policy deviation, Staff is requesting additional authorization for Fund rebalancing.

Ms. Kelly Crook moved to authorize a policy exception through the December 19, 2023 Board meeting to allow Staff to:

- (1) not rebalance the asset and underlying sub-asset classes for Fixed Income and Multi-Asset for market drift and
- (2) rebalance the Fund for risk management within the strategic rebalancing ranges for Cash & Equivalents. Mr. Ross seconded, and the motion passed 9-0.

**8 Benefits Committee:**

**A. Discuss and consider Benefits Administration Operating Procedures**

Mr. Russell Nash presented the proposed change to the Benefits Administration Operating Procedures that were necessitated by the legislative provisions in SB 1444 (COAERS legislation), the federal legislative changes (Secure Act 2.0), and administrative changes arising from day-to-day administration of the plan. Ms. Thomas moved to approve the proposed changes to the Benefits Operating Procedures. Mr. Michael Benson seconded, and the motion passed 9-0.

**B. Discuss and consider Plan Resolution 2023-0921**

Mr. Nash reviewed the proposed resolution needed to comply with IRS requirements. Mr. Ross moved to approve Plan Resolution #2023-0921. Ms. Crook seconded, and the motion passed 9-0.

**9 Governance and HR Committee**

**A. Discuss and consider Code of Ethics**

Mr. Hanson presented the proposed changes to the Code of Ethics Policy, which included updating the Committee tasked with oversight of the Code of Ethics, establishing a regular review cycle for the Code of Ethics, including language to conform with the recently adopted Fraud, Waste, and Abuse Reporting Policy, and adding new language related to Staff ethics training. Ms. Thomas moved to approve the Code of Ethics as presented. Mr. Ross seconded, and the motion passed 9-0.

**B. Discuss and consider Diversity Policy**

Mr. Hanson presented minor grammatical changes to the Diversity Policy. Mr. Lavine moved to approve the Diversity Policy as presented. Ms. Crook seconded, and the motion passed 9-0.

**C. Discuss and consider Emergency Succession Policy**

Mr. Hanson presented one edit, a job title, to the Emergency Succession Policy. Mr. Ross moved to approve the Emergency Succession Policy as presented. Mr. Benson seconded, and the motion passed 9-0.

**10 Policy Committee:**

**A. Discuss and consider Communications Policy**

Mr. Hanson presented the Communications Policy as proposed by the Policy Committee. Ms. Crook moved to approve the Communications Policy as presented. Ms. Thomas seconded, and the motion passed 9-0.

**B. Discuss and consider 2023 administrative budget amendment**

Mr. Hanson reported that the Policy Committee had discussed adding one FTE for a security analyst in 2023 as opposed to waiting until the 2024 budget. Mr. Ross moved to approve the 2023 budget amendment of \$28,948 and increase the total FTE count to 26 as proposed. Ms. Thomas seconded, and the motion passed 9-0.

**11 Receive report from Executive Director on the following matters:**

**A. 4700 Mueller**

Mr. Hanson updated the Board on the final costs of acquiring the property showing expenditures below budget. He also reported that construction of the first floor was underway, on schedule, and within budget.

**B. October Board Workshop**

Mr. Hanson presented a draft agenda for the Board Workshop, noting the venue would be the same as last year.

**C. MET report and upcoming educational programs and conferences**

Mr. Hanson noted that all Trustees had either met their training requirements or were very close with plenty of time remaining. He thanked Trustees for their commitment to education and presented an updated list of conferences and online courses for Trustees to consider in 2024.

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

Chair Liu summarized the decisions made at this meeting and asked for future agenda items.

As there were no other items to discuss, the meeting adjourned at 11:30 a.m.

**These minutes were approved at the December 19, 2023 Board Meeting.**