






June Governance and HR Committee



Schedule	Thursday, June 15, 2023 11:30 AM — 12:30 PM CDT
Venue	6850 Austin Center Blvd., Suite 320, Austin, TX 78731
Organizer	Sarah McCleary



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1. Call roll of Committee members

Presented by Committee Chair Sinclair



COMMITTEE MEETING Agenda Item Information Sheet

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 Committee Chair Sinclair



COMMITTEE MEETING Agenda Item Information Sheet

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.

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 2023 Committee Work Plan.
2. The Committee will conduct its annual review of the Board Election Policy.
3. The Committee will discuss the development of Trustee training plans.
4. The Committee will consider a revision to the Board Governance Manual related to the review cycle of the manual.

3. Discuss and consider 2023

Governance and HR Committee Work Plan

Presented by Christopher Hanson



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 3: Review 2023 Governance and HR Committee Work Plan

AGENDA ITEM OBJECTIVE

This agenda item is for discussion and consideration of the 2023 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.

ATTACHMENTS

1. Draft 2023 Committee Work Plan
2. 2022 Committee Work Plan (for reference)

2023 Governance and HR Committee Work Plan

Scheduled Quarterly Meetings

1. June meeting
 - ✓ Election Policy
 - ✓ Trustee Training Plans
 - ✓ Governance Manual

2. August meeting
 - Diversity Policy
 - Code of Ethics
 - Emergency Succession

3. November meeting
 - Report on Trustee education program
 - Education Policy
 - 2024 Committee Work Plan

DRAFT

2022 Governance and HR Committee Work Plan

Scheduled Quarterly Meetings

1. March meeting (3/10/22)
 - ✓ Statutory governance recommendations from governance assessment
 - ✓ City of Austin governance proposals

2. June meeting (6/2/22)
 - ✓ Statutory governance recommendations from governance assessment
 - ✓ City of Austin governance proposals
 - ✓ Emergency Succession Policy
 - ✓ Board Governance Manual
 - ✓ Election Policy

3. August meeting (8/25/22)
 - ✓ Board Governance Manual
 - ✓ Personnel Policy
 - ~~Executive Director evaluation policy/procedure~~
 - ✓ Receive report on new trustee orientation program
 - ✓ Review Board annual self-assessment

4. November meeting (11/10/22)
 - ✓ Market compensation study results
 - ✓ Board Governance Manual
 - ✓ Diversity Policy
 - ~~Executive Director evaluation policy/procedure~~
 - ✓ 2023 Committee Work Plan

**4. Consider approval of the November 10,
2022 Governance and HR Committee
minutes**

Presented by Committee Chair Sinclair and
Christopher Hanson



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 4:

Consider approval of the November 10, 2022 Governance and HR Committee minutes

AGENDA ITEM OBJECTIVE

This standing agenda item seeks approval of the minutes from the prior Governance and HR 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.*”

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends approval of the minutes of the November 10, 2022 Governance and HR Committee meeting.

ATTACHMENT

1. Draft minutes of November 10, 2022 Governance and HR Committee meeting



MINUTES

GOVERNANCE and HR COMMITTEE

Public Meeting held in person and videoconference

On November 10, 2022 at 10:30 a.m. CT

Pursuant to Texas Govt. Code 551.127 – COVID-19 circumstances

<u>Committee Members</u>	<u>Other Board Trustees</u>	<u>Others Present:</u>
<u>Present/ (Absent)</u>	<u>Present/ (Absent)</u>	<i>Staff</i>
Yuejiao Liu, Committee Chair	Anthony Ross	Christopher Hanson
Kelly Crook	Diana Thomas	Sarah McCleary
Amy Hunter†	(Leslie Pool)	Jenni Bonds
Mike Benson	Michael Granof	Mehrin Rahman*
Chris Noak	Dick Lavine	Michelle Mahaini*
	Brad Sinclair	Yun Quintanilla
		David Kushner
		Russell Nash
		Amy Kelley*
		Bertie Corsentino*
		Cathy Edwards*
		Teresa Cantu*

*Present telephonically

† present via
videoconference

Guests

Paige Saenz, General
Counsel
Joe Rice, CBIZ†

1 Call roll of Committee members

Committee Chair Yuejiao Liu called the meeting to order at 10:39 a.m. The following committee members were present in person: Benson, Crook, Noak, and Liu. The following committee member was present telephonically: Hunter.

Committee 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

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

3 Consider approval of the August 25, 2022 Governance and HR Committee minutes

Committee Chair Liu asked Trustees to review the minutes. Ms. Kelly Crook moved to approve the August 25, 2022 Governance and HR Committee minutes as presented. Mr. Michael Benson seconded, and the motion passed unanimously.

4 Receive market compensation study results

Mr. Joe Rice of CBIZ presented a report on macro-level labor market trends including quits, the labor force, job openings, unemployment levels, wages, and inflation. He provided his firm's guidance to employers regarding updates to salary structures and overall increases to salary budgets.

Mr. Christopher Hanson followed Mr. Rice's presentation with a report on the specific results of the market study as applied to positions at COAERS. Using the compensation philosophy outlined in the Personnel Policy as a framework, he discussed how the market study results would be implemented for 2023 including the creation of new pay structure salary bands for each position, restructuring certain positions, and the corresponding budgetary impact to the COAERS administrative budget.

Trustees posed questions to Mr. Hanson and discussed the presentation.

5 Discuss development of a Board Governance Manual

Mr. Hanson presented a second draft of the proposed Board Governance Manual based on feedback given at the Board Workshop.

Ms. Crook was out of the room from 11:04 a.m. to 11:08 a.m.

Mr. Ross was out of the room from 11:25 a.m. to 11:27 a.m.

Mr. Granof was out of the room from 11:27 a.m. to 11:29 a.m.

Ms. Crook moved to refer the Board Governance Manual to the Board with the following change: Item #9 from "Governance by consensus" to "Speaking with one voice". Mr. Benson seconded, and the motion passed unanimously.

6 Discuss and consider Diversity Policy

Mr. Hanson presented the Diversity Policy, which had only technical but no substantive changes from the prior year. Mr. Chris Noak moved to recommend that the Board adopt the Diversity Policy as proposed. Ms. Crook seconded, and the motion passed unanimously.

7 Review 2022 Committee Work Plan and discuss development of 2023 Committee Work Plan

Mr. Hanson noted that the Committee had completed all goals on the 2022 Work Plan apart from the Executive Director evaluation policy/procedure which was handled by the full Board. A draft of the 2023 plan was presented.

8 Review key meeting takeaways and call for future agenda items

Committee 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 11:41 a.m.

5. Discuss and consider Policy E-1

Election Policy for Active Contributory and
Retired Board Members

Presented by Russell Nash



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 5:

Discuss and consider Board Approved Election Policy

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to conduct its annual review of the Election Policy.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets with the core competency established in the **COAERS Strategic Plan** “*Dependable operations: Managing the financial and operational commitments of the system within appropriate measurable standards*”.

RECOMMENDATION FOR BOARD ACTION

Staff recommends the Committee refer the proposed Election Policy to the Board for approval.

BACKGROUND

COAERS statutes require the Board to review and approve written procedures for the election no later than August 1 of each year in which an election is held. These procedures are memorialized in the Board’s policy “Election for Active-Contributory and Retired Board Members” (Election Policy). This agenda item is designed to review the edits to the Election Policy. Staff has proposed revisions to conform the policy with the recent legislative changes and make minor typographical edits.

As a reminder, with the passage of SB1444, the law enacts the change to the composition of the COAERS Board. The chart below illustrates the changes in the policy as a result of the law.

Previous Law	New Law (SB1444)
Place One: One member of the governing body	Place One: One member of the governing body
Place Two: The City Manager or Designee	Place Two: The City Manager or Designee
Places 3-5: Qualified Voters of the City who have been residents for 5 years and who are not employees of the City or COAERS	Places 3-5: Qualified Voters of the City who have been residents for 5 years and have experience in securities investment, pension administration, pension law, or governmental finance and who are not employees of the City or COAERS
Places 6-9: Active contributory members	Place 6: Director of finance of the City or designee
	Places 7-9: Active contributory members
Places 10-11: Retired members	Places 10-11: Retired members

Under the new law, Places 7 through 9 are held by active-contributory COAERS members. This year, an election will be held for Place 7 on the COAERS Board of Trustees. The election will be held in fall of 2023 with ballots distributed late October and the election concluding December 1, 2023.



COMMITTEE MEETING
Agenda Item Information Sheet

ATTACHMENT

1. Draft Board Approved Policy Election for Active-Contributory and Retired Board Members



Board Approved Policy

Subject: Election for Active-Contributory and Retired Board Members

Review Committee: Policy

Date Implemented: July 23, 1998

Date Updated: ~~June 23, 2022~~ June 29, 2023

Signature of Chairperson:

~~Chris Noak~~ Yuejiao Liu

**CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD APPROVED POLICY E-1
ELECTION POLICY FOR
ACTIVE-CONTRIBUTORY AND RETIRED BOARD MEMBERS**

I. PURPOSE AND SCOPE

This Policy sets forth a plan for the election of Active-Contributory and Retired Members, Places ~~Six~~Seven through Eleven, to the City of Austin Employees' Retirement System (COAERS) Board of Trustees (Board) based upon the requirements stated in Article 6243n., Tex. Rev. Civ. Stat. (the "Act"), regarding the City of Austin Employees' Retirement System. Member-elected Trustees each serve on the Board for a four-year term, with the term beginning on January 1.

Subject to the Act, the Board is composed of a total of eleven Members:

Place One	City Council Member
Place Two	City Manager of the City of Austin or d Designee
Place Three	Council Appointed Citizen Member
Place Four	Council Appointed Citizen Member
Place Five	Board Appointed Citizen Member
Place Six	Active-Contributory Member <u>Director of Finance of the City or Designee</u>
Place Seven	Active-Contributory Member
Place Eight	Active-Contributory Member
Place Nine	Active-Contributory Member
Place Ten	Retired Member
Place Eleven	Retired Member

This Policy also sets forth a plan for special elections to fill unexpired terms of one year or longer of Active-Contributory and Retired Board Members whose service is terminated by death, resignation, termination of employment, disability, retirement, or removal of the Board Member.

If the unexpired term is less than one year, or if a general election is scheduled to be held within approximately one year for which sufficient notice of a special election may be given, the Board may appoint an Active-Contributory or Retired Member to fill the remaining term until the next available general election date (refer to Board-Approved Policy A-1 "Appointments to Fill Unexpired Terms").

II. RESPONSIBILITIES

- A. COAERS Board of Trustees:** Will review and approve this Policy to assure conformance with the Act, as well as provide for the conduct of the election process. Board Trustees are strongly recommended not to provide written endorsement for any candidate and efforts should be made by Board Trustees to avoid public endorsement of any candidate.
- B. Nominating and Election Committee Members:** Will oversee the election process, prepare the ballot, canvass the returns, serve as election judges, and declare the official results of the election.
- C. Alternate Committee Members:** Will perform all of the duties and responsibilities of a Committee member when so designated by the Nominating and Election Committee Chair. Otherwise, Alternate Committee members cannot make motions, second a motion, or vote on Committee decisions.
- D. Executive Director:** May approve variances to the approved election schedule in consultation with the Nominating and Election Committee Chair to facilitate the election consistent with the Act. Variances will be reported to the Nominating and Election Committee at their next scheduled meetings.
- E. COAERS Staff:** Will maintain election procedures, coordinate the election process, provide support to the Nominating and Election Committee, prepare disclosure forms required by this Policy, and conduct a Candidates' Training Workshop. The Candidates' Training Workshop will include training in the fiduciary responsibilities of the Trustees, ethics, and behaviors as a candidate, and for service as a Trustee.
- F. Candidates:** Will comply with the application and timeline requirements as established in this Policy. Are strongly encouraged to attend the Candidates' Training Workshop.
- G. Volunteers:** COAERS members who have properly notified COAERS staff of their willingness to assist the Committee and Staff. Volunteers cannot vote or participate in any decision of the Nominating and Election Committee.

III. GUIDELINES

A. DUTIES OF THE NOMINATING AND ELECTION COMMITTEE

1. The Nominating and Election Committee (the “Committee”) will oversee the election process in conformance with this Policy and may authorize Staff to facilitate activities of the election.
2. The Committee will evaluate the potential candidates to ~~assure~~ensure they meet the qualification requirements in III.B. of this Policy, which are also stated in the Act.
3. The Committee will reconvene following the election to tabulate the votes or review the tabulation of the votes by a third-party vendor, certify the results, and ensure candidates are contacted with the results.
4. The Committee will receive and investigate any challenge(s) to the election by any official candidate (refer to III.F. below).
5. The Committee Chair or designee will report the election results to the Board.
6. A quorum of the Committee shall be a majority of the members of the Committee excluding alternates and volunteers. The Nominating and Election Committee Chair can appoint Alternate Committee Members to serve as Committee Members in-person, by telephone, ~~or~~by paper or electronic written communication as needed.
7. Meetings of the Committee shall be held at a place designated by the agenda of each Board meeting, except as may be otherwise authorized by the Texas Open Meetings Act. If the Committee Chair is not present at the physical location of the Committee meeting, the Secretary will serve as the presiding officer. If the Committee Chair and the Secretary are not present at the physical meeting location, the Committee member with the longest service on the Committee, as determined by Staff, shall serve as the presiding officer.

B. CANDIDATE QUALIFICATIONS

1. Each candidate must be an Active-Contributory or Retired Member of COAERS, as appropriate, and maintain that status from the date of the candidate’s application through the day before the results of the election are certified by the Board.
2. The Act provides that “Not more than one active-contributory member may

be eligible for election from any one department or office or similar organizational unit that is established in the annual budget of an employer and that is not a part of any department.” Persons from departments currently represented on the Board may not be election candidates except at an election to fill the place then held by such Board member. For the purpose of determining whether a particular department is currently represented on the Board, the department a Trustee represents is determined at the time the Trustee is elected and will remain as such throughout the term of his/her office regardless of interdepartmental position changes of the Trustee during that particular term on the Board. Interdepartmental position changes of a Trustee that occur after the election do not disqualify the Trustee from serving the remainder of his or her term.

C. CANDIDATE REQUIREMENTS

1. Qualified candidates must submit an application by the established deadline to the Retirement Office for consideration. Applications filed with COAERS for the purpose of a Member becoming a candidate for election to the Board are public information and are not “Member” information that is confidential under Sec. 13 of the Act.
2. Candidates who do not meet the deadline for filing applications will not be presented on the official election ballot.
3. Candidates will be provided a specific timeline in which to review their election ballot statement and submit any revisions.

D. MEMBERS ELIGIBLE TO VOTE

1. Member-elected Trustees are elected at large by the appropriate membership voting in the election (Active-Contributory or Retired).
2. All current COAERS Retirees receiving an annuity from the COAERS will be eligible to vote in Retired Member elections. Beneficiaries are not entitled to vote.
3. All current COAERS Active-Contributory Members will be eligible to vote in Active-Contributory Member elections.
4. City employees who have not yet attained membership in COAERS or those employees participating in another City retirement system (e.g., Austin Police or Fire retirement systems) are not eligible to vote.

E. GENERAL ELECTION PROCESS

1. General elections shall be held in December to fill full, four-year terms of office. Timelines for the process may begin earlier as outlined in Staff procedures to ensure a thorough and timely election process.
2. In accordance with the Act, no later than August 1, the Board shall review/approve this Policy for the conduct of the election.
3. The Board will appoint a Committee no later than the first day of October.
 - a. Staff is responsible for recruitment of the Committee Members for Board approval. The Board will appoint the Committee Members and alternates as specified in the Act. The Board may authorize Staff to recruit and appoint Committee Members as appropriate.
 - b. Committee Members for Retired Member Trustee elections (places ten and eleven) must be retired at the time the Member is appointed to the Committee. The Act provides that only Retired Members may be appointed to the election Committee.
 - c. If a Member of the Committee files an application to run for a Retired Member Trustee position, the filing of the application constitutes an automatic resignation from the Committee.
4. Staff will coordinate a schedule for the election activities for approval by the Committee. At the first meeting, the Committee will review the duties of the Committee, the election policy and procedures, and the schedule of election activities, and elect from its membership a Chair and Secretary.
5. If the Board authorizes the use of a third-party to conduct election activities including but not limited to distribution of the ballots, providing online electronic election tools for voters, tabulation of votes, and communication to voters, Staff and the Committee will work with the third-party to conduct the election.
6. Staff will coordinate the election meetings and activities in accordance with established procedures.
7. In the event that no candidates submit applications by the established deadline, the election process will start over and all timeframes will be adjusted accordingly.
8. If a single candidate is unopposed, the election process will be followed as established in this Policy and the election procedures.

9. The Committee will evaluate the candidate applications to ~~assure~~ensure they meet the qualification requirements of this Policy, which are also stated in the Act (refer to III.B. above).
10. An educational workshop will be offered to advise candidates of the requirements of serving on the Board. Although strongly encouraged to attend, candidates may decide whether ~~or not~~ to attend the workshop. A training workshop will not be conducted if none of the candidates are interested in attending.
11. Candidates will be given an opportunity to withdraw their application from the election or modify their ballot statement at the conclusion of the workshop.
12. The Committee will review applications filed by candidates. The review will include a determination of COAERS membership, timeliness of the filing, and word limit. The Committee will establish a timeline for statement modification.
13. The Committee will authorize Staff to prepare the election ballot and coordinate ballot printing. The only information about the candidates that will appear on the ballot will be as follows:
 - a. For active member elections, the candidates' name, department, position, and length of city employment, or
 - b. For retired members, the candidates' name, the department from which the member retired, the last position held, and the length of city employment.
14. The candidate statement will be included with the ballots sent to voters on a separate document. Candidate statements will be prepared verbatim from Member applications. Candidates will be given the option to include a photo with the candidate statement.
15. The Committee shall specify on the ballot the exact date and time the ballot must be completed online, received through the mail, or delivered in person ~~in order~~ for the ballot to be counted. Numbers will be drawn to determine candidate placement on the ballot.
16. The Committee will verify printed ballot information. If all information is correct, the Committee may authorize Staff to hire a qualified independent company to insert and mail the ballots on the date scheduled for mailing of ballots to Members' home addresses along with instructions and postage-paid return envelopes. In Active-Contributory Trustee elections, ballots will

be mailed to Active-Contributory Members; in Retired Member Trustee elections, ballots will be mailed to Retired Members.

17. The Committee will approve the format used to allow Voting Members to vote online.
18. A Voting Member may write in the name and department (or former department if a retiree), of any eligible Member he/she wishes to elect in place of the official candidates. The number of write-ins on any one ballot may not exceed the number of Trustee places to be filled. If a write-in candidate receives the highest number of votes, the Committee will confirm ~~that whether~~ the candidate meets the qualifications to hold the position, and if the candidate does, the candidate may be declared the apparent winner. If the candidate does not meet the qualifications, the candidate who receives the next highest number of votes will be declared the apparent winner.
19. Paper ballots must be received at the address on the return envelope before the close of business on the first weekday that is not a holiday in December. Online votes must be cast before the close of business on the first weekday that is not a holiday in December. Ballots will be retained in accordance with COAERS Records Control Schedule.
20. Voting Members must mark candidate choices on the paper or electronic ballot. The Committee shall count the ballots, or review the ballots cast if a third-party vendor is used to receive and tabulate the ballots, to determine the winner. Invalid ballots will include, but are not limited to the following: no votes marked; ballot numbers cut off; ballot altered; more than the required number of votes marked; ballot received after election deadline. Volunteers may assist with the counting of ballots but may not vote or participate in Committee decisions.
21. The candidate receiving the highest number of eligible votes will be declared the "apparent" winner. If two Board places are to be filled by vote of the appropriate membership, the two qualified candidates that receive the highest number of votes will be declared the winners for the Board places. Board Member placement will be based on the candidate with the highest number of votes being placed in the first elected place and the second highest in the second elected place.
22. If two or more candidates from a single department run for the active election, and two or more receive the highest number of votes, the candidate receiving the highest number of votes will be elected, and the other candidate(s) from the same department will be declared disqualified due to the Act requirements that not more than one representative per department may be elected to the Board. In that event, the candidate

receiving the next highest number of votes, who is not from a department already represented on the Board, will be elected to the Trustee place sought by the disqualified candidate.

23. In accordance with the Act, in the case of a tie vote, selection will be made by lot drawn by an existing member of the Board of Trustees at a meeting of the Retirement Board before the first day of January of the year after the election.
24. All candidates will be notified of the results by the Committee Chair or designee by telephone (documented), email, and/or mailed letter and advised of the right to challenge the results (see III.F. below).
25. The Act provides that each Member of the Retirement Board shall, within 30 days after appointment or election, take an oath of office that he/she will diligently and honestly administer the affairs of the Retirement System and will not knowingly violate or willingly permit to be violated any law or statute applicable to the Retirement System.

F. CHALLENGE OF ELECTION RESULTS

1. Candidates may submit written requests to challenge election results to the Committee within five calendar days following notification of the results tabulated by the Committee. If the fifth calendar day falls on a weekend or holiday, the final day to challenge results will be the first working day following the fifth calendar day of the challenge period.
2. Within 30 calendar days of the date the challenge is received, the Committee will investigate and resolve any issues cited in the candidate's challenge. The Committee will report its recommendations to the Board.
3. In the event of a challenge or complaint before the Board has certified the election results, the official results of the election will not be certified by the Board until such challenge or complaint has been resolved (within 30 calendar days). If a challenge is timely received after the Board has certified the election results, a Special Called Board meeting will be held if necessary to rule on the Committee's recommendations.
4. The Board's decision is final.

G. ANNOUNCEMENT OF ELECTION RESULTS

1. If no complaints have been received per guidelines in III.F. above, the announcement of official results will be issued by the Chair of the Committee or designee at the December Board meeting. The announcement will identify the "apparent" winner(s) and list each nominee

and write-in candidate, showing the number of tabulated votes cast for each. The Board will certify the vote based on the election results and declare the “official” winner(s). The winning candidate(s) will be sworn in as Active-Contributory or Retired elected Member(s), as appropriate, and take an Oath of Office (refer to Board-Approved Policy A-1 “Appointments to Fill Board Vacancies”). Oaths of office may, but are not required to, be taken at a Board meeting.

2. Official election results will be published in the COAERS newsletter.

H. SPECIAL ELECTION

1. Special elections may be held at the same time as general elections; however, special elections fill only unexpired terms of office. A special election will be held to fill unexpired terms of one year or longer of Active-Contributory or Retired Board Members whose service is terminated by death, disability, or removal from the Board, and in the case of Active-Contributory Members, whose service is also terminated by retirement or termination of employment.
2. If held in conjunction with a general election, the special election place(s) will be posted separately on the ballot from the general election place(s) due to the term differences. Candidates must designate the Board election (general or special) for which they are running.
3. If a special election is ordered by the Board to fill any vacancy on the Board, the Board will adopt a process for the special election with notice and guidelines comparable to those for the general Board elections.

I. DISCLOSURE OF RELATIONSHIPS; NO CONTACT PERIOD

1. At the time that a candidate submits an application pursuant to Section C, the candidate shall disclose whether: (a) the candidate has a business relationship with an election committee member, a Trustee, or a COAERS staff member who is assisting with running the election; (b) the candidate is related within the third degree by affinity or consanguinity to a member of the election committee, a Trustee, or a COAERS staff member who is assisting with running the election; (c) the candidate has given or received one or more gifts to or from a member of the election committee, a Trustee, or a COAERS staff member who is assisting with running the election within the previous 12 month period that in the aggregate exceeds \$100 in value; or (d) the candidate is supervised by or supervises a member of the election committee at the candidate’s place of employment.

2. No later than the first committee meeting convening after the deadline for candidate applications, members of the election committee shall disclose in writing whether: (a) the member is related within the third degree of affinity or consanguinity to a candidate; (b) the member has a business relationship with a candidate; (c) the member has given a gift to or received one or more gifts from a candidate within the previous 12 month period that in the aggregate exceeds \$100 in value; or (d) the member supervises or is supervised by a candidate at the member's place of employment.
3. For the purposes of this Section I, a "business relationship" is defined as a connection between two or more parties based on commercial activity of one of the parties. Business relationships ~~does~~ not include interactions between two or more parties in their capacity as City of Austin employees.
4. Beginning with the deadline for submission of candidates' applications and ending on the day that the Board of Trustees accepts and certifies the election results, except as specifically permitted by this Policy, an election committee member may not knowingly communicate with a candidate about the election. This section does not prohibit communications that: (a) are part of a scheduled election committee meeting; (b) are required by this Policy; (c) are incidental, exclusively social, and do not involve COAERS or its business or the election committee member's role as a committee member; or (d) pertain to an existing employment or business relationship between the committee member and the candidate. Election committee members shall disclose in writing any communications or contacts with a candidate that do not fall within one of the exceptions set forth herein at the next election committee meeting, or within 15 days of the communication having been made.
5. The Board may remove an election committee member who fails to comply with this Section.

6. Discuss and consider Trustee Training Plans

Presented by Christopher Hanson



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 6: Discuss and consider Trustee Training Plans

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to discuss the development of Trustee training plans.

RELEVANCE TO STRATEGIC PLAN

This agenda item is part of **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management.**

RECOMMENDATION FOR COMMITTEE ACTION

At committee's discretion.

BACKGROUND

COAERS Trustees are required to take a minimum of seven hours of accredited training in their first year of service, and then a minimum of four hours every two years thereafter. In alignment with the COAERS strategic goal of identifying and implementing leading practices, developing individualized Trustee training plans is an emerging trend which can help each Trustee tailor their education based on skill areas they seek to develop. Additionally, COAERS Trustees should consider whether certain training should be encouraged for committee members or the chairs of committees and the Board. Staff will lead a discussion centered on these topics and then provide next steps towards finalizing the development of Trustee training plans.

ATTACHMENT

1. Presentation "Development of Trustee Training Plans"

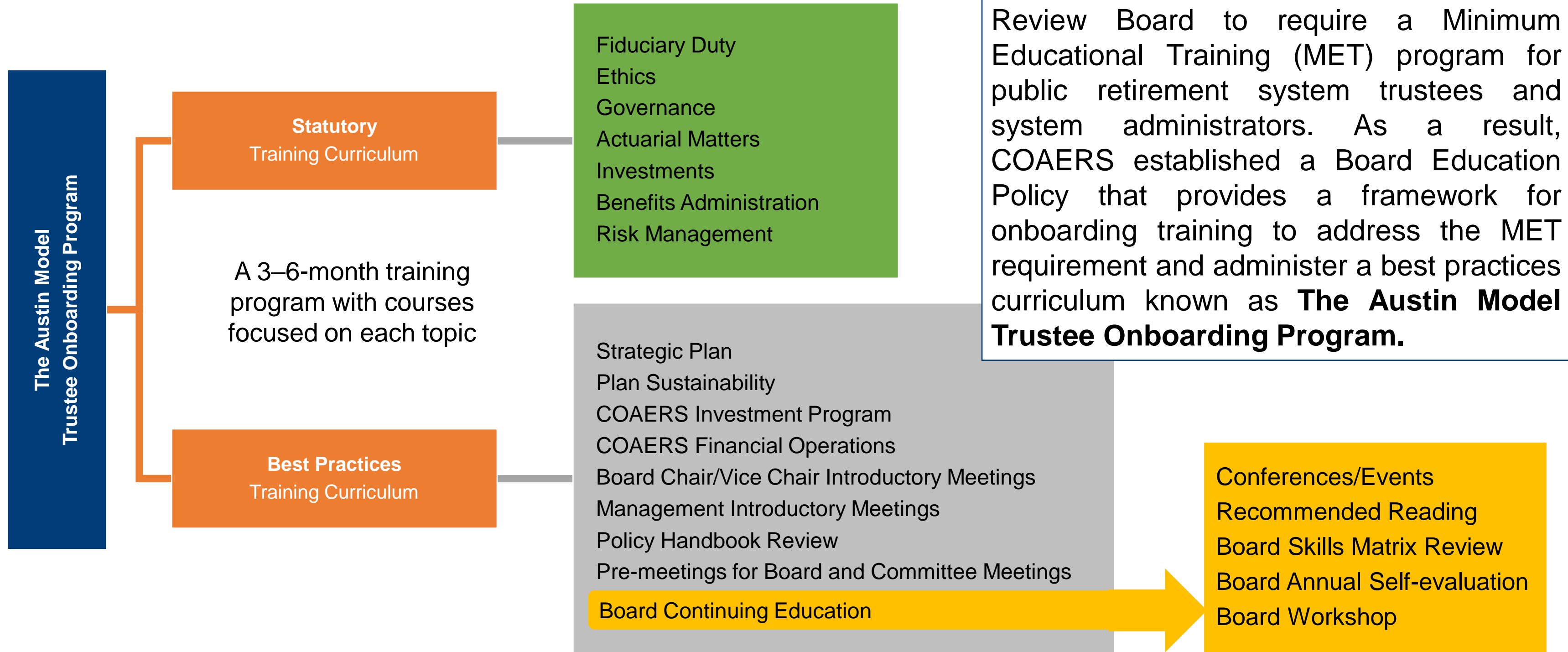


Development of Trustee Training Plans

Governance and HR Committee

June 15, 2023

The Austin Model Trustee Onboarding Program



Trustee Skills Matrix: Key Subject Areas for Training



Subject Area	Number of Trustees
Custodial Issues	10
Plan Administration	8
Pension Accounting	8
Legal & Regulatory	6
Investments	6
Actuarial Matters	6
IT/Cybersecurity	6

Organizations

1. International Foundation of Employee Benefit Plans (IFEBCP)
2. National Association of Corporate Directors (NACD)
3. National Association of State Retirement Administrators (NASRA)
4. National Conference on Public Employee Retirement Systems (NCPERS)
5. Wharton Institute of Executive Education
6. Harvard Business School Executive Education (HBS)
7. Associations for Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA)

Organizations and Subject Areas

Broad Trustee Education

1. IFEBP New Trustee Institute (Level 1 and 2)
2. IFEBP Advanced Trustees and Administrators Institute
3. IFEBP Certificate of Achievement in Public Plan Policy (Part 1 and 2)
4. NASRA Annual Conference
5. NCPERS Trustee Education Seminar
6. NCPERS Accredited Fiduciary Program
7. NCPERS Financial, Actuarial, and Legislative/Legal (FALL) Conference

Investments

1. IFEBP Investment Basics
2. IFEBP Investments Institute
3. Wharton Portfolio Concepts and Management
4. Wharton Alternative Investment Strategies
5. CFA Institute Investment Foundations
6. CAIA Fundamental of Alternative Investments



Organizations and Subject Areas

Actuarial Matters

1. NCPERS Public Pension Funding Forum

Audit/Accounting

1. IFEBP Accounting and Auditing Institute for Employee Benefit Plans
2. IFEBP Fraud Prevention Institute for Employee Benefit Plans
3. HBS Audit Committees in a New Era of Governance
4. NACD Director Proficiency: Financial Oversight

Plan Administration

1. IFEBP Retirement Plan Basics
2. IFEBP Certificate in Global Benefits Management

IT/Cybersecurity

1. NACD Cyber Risk Oversight Certificate Course

Human Resources

1. NACD The Compensation Committee
2. HBS Compensation Committee: New Challenges, New Solutions



Developing Individual Trustee Training Plans



1. Utilize a combination of 2022 Skills Matrix responses with list of programs already taken to develop a plan for each Trustee in 2024.
2. Meet individually with each Trustee in the fourth quarter to identify potential conferences, courses, or educational programs

Considerations Going Forward

- Specific training for Committees or Chairs of Committees/Board?
- Develop more internal training to fill void in certain subject areas?
- For internal trainings, create annual “Lunch and Learn” schedule?
- Increase budget for trustee education?



7. Discuss and consider Board Governance Manual

Presented by Christopher Hanson



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 7: Discuss and consider Board Governance Manual

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to review the proposed review cycle of the Board Governance Manual.

RELEVANCE TO STRATEGIC PLAN

This agenda item is part of **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management.**

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

BACKGROUND

At its December 2022 meeting, the Board approved a Governance Manual. At the time, the Governance Manual left future reviews at the sole discretion of the Board. Trustees indicated a desire to revisit the issue, asking Staff to come back with a specific time period for the Governance Manual to be periodically reviewed.

ATTACHMENT

1. Board Governance Manual Draft June 2023

CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM BOARD GOVERNANCE MANUAL

I. PURPOSE AND SCOPE

This Governance Manual is established to give Trustees information relevant to the governance of the City of Austin Employees' Retirement System ("COAERS" or "System"). Governance is the process for making and implementing decisions. Governance is not about making the "correct" decision, but about the best possible process for making the decision. At its core, governance is the establishment of rules, practices, processes, and the monitoring of their implementation. Governance integrates the power, duties, and accountability of the Trustees to the System's mission. The Board may, at its discretion, delegate authority to carry out the administration of the System but may not delegate responsibility for the System. An essential prerequisite to success of the Board and the System is a well-designed governance structure.

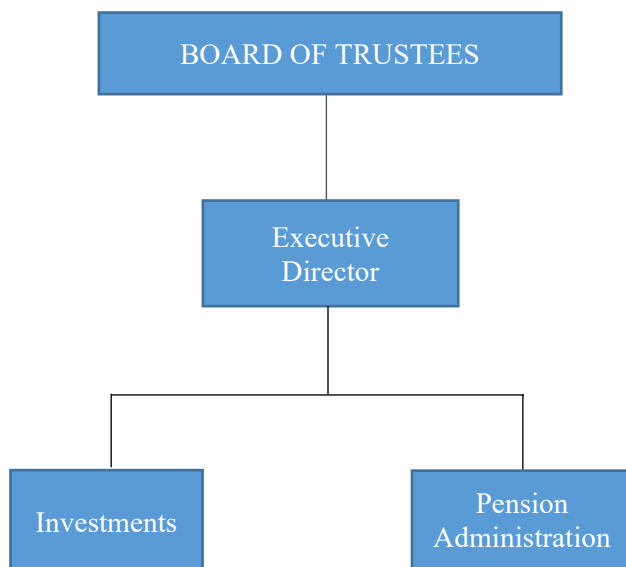
II. GOVERNANCE PRINCIPLES

The following governance principles guide the conduct, decision-making and behavior of the Board and provide a framework for the achievement of the Board's goals:

1. All Board members are fiduciaries and as such, must act solely in the best interest of all the participants in the plan.
2. Board members are to be effective and capable in fulfilling their fiduciary responsibilities, taking the time to understand COAERS' business and the role of the Board in conducting that business.
3. Successful governance requires competent Board members who can develop and oversee the implementation of strategies for achieving intended outcomes.
4. The Board is open in the way key decisions are made and has access to appropriate expertise and relevant information and data during the decision-making process.
5. The Board shares values about what is important and works together with mutual respect in a constructive partnership. The Board sets the tone at the top that permeates the organization.
6. The Board is engaged in establishing the long-term direction of the organization. Strategic choices are consciously made based upon analysis and long-term thinking.
7. The Board approves the risk preferences and tolerances of the organization to achieve long-term goals and objectives.

III. GOVERNANCE STRUCTURE

The Board utilizes the single fiduciary board model with an integrated investment and pension administration organization. The Board has authority, per its governing statute, for investments and pension administration and delegates its authorities through the Executive Director.



IV. DELEGATION

Many tasks are delegated to staff or outside experts; however, a Trustee cannot delegate away fiduciary responsibility. There remains an obligation to monitor and supervise those to whom one delegates. Trustees can delegate tasks and functions and rely on advice from internal and external professionals.

Trustees can delegate tasks and functions to committees. Committees can consider options, conduct research, receive reports, and make recommendations to the Board. When Trustees lack sufficient expertise to make fully informed decisions, they can seek expert advice; however, the Trustees should assess the advice received and consider its quality and the qualifications, experience, and independence of those providing the advice.

V. COMMITTEES

Much of the preparation work for Board action takes place in committees. Each Board member is required to serve on at least one committee of the Board. Board members are encouraged to attend all Committee meetings, regardless of whether they are committee members. Any Board member attending a Committee meeting may participate fully in discussion; however, non-committee members are not considered

in determining a quorum and may not vote. Unless a committee has been specifically delegated powers by the full Board of Trustees, the actions of a committee are recommendations to the Board.

VI. BOARD AND COMMITTEE PACKETS

A Board or committee packet, including the agenda and all supporting material, is provided to Trustees in advance of a meeting to provide time for the Trustees to review the material and prepare for the meeting. Generally, materials will be provided the Friday before the meeting. Occasionally, additional materials are provided at the meeting, but that is kept to a minimum to allow trustees full opportunity to review materials to be discussed.

VII. PARLIAMENTARY PROCEDURE

Roberts Rules of Order are generally used as a guide for parliamentary procedures. The Board Chair will rule on issues of procedure with guidance from the General Counsel.

VIII. BOARD CONDUCT

Each Board member should commit to always conduct themselves with civility and courtesy, to both those with whom the Board interacts and their colleagues. Individual Board members should also endeavor to correct fellow Board members, should any of their conduct fall below this standard.

IX. ONE VOICE

Healthy discussion and differing points of view are encouraged in the decision-making process; however, once the Trustees vote, the Board speaks with “one voice”. This means once a decision or direction is achieved, all Trustees support the decision or direction and can provide clear and consistent direction to the Executive Director, stakeholders, or service providers.

X. BOARD SELF-EVALUATION PROCESS

The Board has adopted an annual self-evaluation process which assesses the whole Board, the Chair, Vice-Chair, and Committee Chairs; and includes the following areas for evaluation: governance, leadership, effectiveness, achievements, and areas for improvement.

Additionally, one or more techniques may be utilized for obtaining self-evaluation feedback, including:

1. Expert third-party facilitator to lead the self-evaluation process
2. Feedback from external key stakeholders on Board performance
3. Third-party evaluation of the Board's performance
4. Peer-to-peer evaluations

The Board also identifies the skills and capabilities required to fulfill its fiduciary roles and responsibilities and maintains an inventory of existing Trustee skills and capabilities, as well as strengths, weaknesses, gaps, and priority development needs.

XI. BOARD CULTURE

The Board is responsible for creating and maintaining an atmosphere that encourages frank and collegial discussions both at the Board and committee level and between the Board and management. The Board strives to achieve a governing style that emphasizes:

1. Strategic leadership
2. Mission-driven action
3. A high level of professionalism and preparation
4. Focus on the future
5. Proactivity
6. Encouragement of collegiality
7. Civility and courtesy
8. Respect for diversity, valuing all input
9. Speaking with one voice
10. In cooperative partnership with COAERS management
11. Ethical conduct of Board business

XII. PERIODIC GOVERNANCE ASSESSMENTS

The Board recognizes that COAERS' system of governance needs to be reviewed periodically. At least every three years, The the Board, in its sole discretion, will ~~from time-to-time~~ review its governance practices in whole or in part as necessary to maintain strong governance principles or incorporate new governance concepts.

XIII. NEW TRUSTEE TRAINING

New Trustees will attend governance training upon appointment or election. Staff will incorporate governance concepts into Trustee onboarding activities as applicable.

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

Presented by Committee Chair Sinclair



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 5:

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.