


Governance and HR Committee


Schedule	Thursday, June 2, 2022 12:00 PM — 1:30 PM CDT
Venue	6850 Austin Center Blvd., Suite 320, Austin, TX 78731
Organizer	Sarah McCleary

Agenda

1. Call roll of Committee members
Presented by Committee Chair Liu

 [Item #1 Summary.docx](#)

2. Review order of business and establish meeting objectives
Presented by Committee Chair Liu

 [Item #2 Summary.docx](#)

3. Consider approval of the March 10, 2022 Governance and HR Committee minutes
Presented by Committee Chair Liu

 [Item #3 Summary.docx](#)

 [2022 03 10 Governance Committee Minutes.docx](#)

4. Discuss and consider Board governance including Governance Effectiveness Assessment recommendations
Presented by Christopher Hanson and Russell Nash

 [Item #4 Summary.docx](#)

 [04 Governance Recommendations.pptx](#)

5. Discuss and consider Board Approved Election Policy
Presented by Russell Nash

 [05 Agenda Item Summary.docx](#)

 [Draft Election Policy with comments.pdf](#)


6. Discuss and consider Board Approved Emergency Succession Policy
Presented by Christopher Hanson

 [Item #6 Summary.docx](#)

 Draft Succession Policy in markup mode.pdf

7. Discuss development of a Board Governance Manual


Presented by Christopher Hanson

 Item #7 Summary.docx

 07 Development of Board Governance Manual.pptx

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

Presented by Committee Chair Liu

 Item #8 Summary.docx

 2022 Governance and HR Committee Work Plan.docx

1. Call roll of Committee members

Presented by Committee Chair Liu

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 Liu

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 remaining recommendations from the 2020 Governance Effectiveness Assessment.
2. The Committee will consider proposed changes to the Election policy.
3. The Committee will consider a proposed revision to the Emergency Succession policy.
4. The Committee will discuss the development of a Board governance manual.

3. Consider approval of the March 10, 2022 Governance and HR Committee minutes

Presented by Committee Chair Liu

AGENDA ITEM 3:

Consider approval of the March 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 March 10, 2022 Governance and HR Committee meeting.

ATTACHMENT

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

MINUTES

GOVERNANCE and HR COMMITTEE

Public Meeting held in person and videoconference

on March 10, 2022 at 10:00 a.m. CT

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

Committee Members

Present/ (Absent)

Yuejiao Liu, Committee Chair
Kelly Crook
Amy Hunter†
Mike Benson
Brad Sinclair

*Present telephonically

† present via
videoconference

Other Board Trustees

Present/ (Absent)

Chris Noak†
Anthony Ross
Diana Thomas
Leslie Pool
Michael Granof
Dick Lavine

Others Present:

Staff

Christopher Hanson
Sarah McCleary
Mehrin Rahman
Russell Nash
Jenni Bonds*
Amy Kelley*
Teresa Cantu*

Guests

Paige Saenz, General
Counsel
Lewis Ward, GRS*
Belinda Weaver*
Eddie Solis, Hillco*
Ed Van Eenoo

1 Call roll of Committee members

Committee Chair Yuejiao Liu called the meeting to order at 10:00 a.m. The following committee members were present in person: Liu, Crook, and Sinclair. Ms. Hunter was present virtually.

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.

Mr. Lavine joined the meeting at 10:13 a.m.

3 Review 2022 Governance Committee Work Plan

Mr. Christopher Hanson presented the Work Plan for 2022. Trustees discussed it and gave general approval.

Mr. Benson joined the meeting at 10:16 a.m.

4 Discuss and consider Board Governance including: A. Governance Effective Assessment

Mr. Hanson outlined the remaining recommendations from Global Governance Associates (GGA) 2020 Governance Effectiveness Assessment that had not been implemented in 2021.

After a discussion, two recommendations were identified for further consideration: 1) A minimum amount of experience to be considered for Board Chair, and 2) term limits for Trustee positions. Trustees asked Staff to develop possible scenarios and language for discussion and consideration at the next meeting.

B. City of Austin pension reform proposals

Mr. Ed Van Eenoo, Chief Financial Officer for the City of Austin, shared the guiding principles of the City for work on pension reform proposals. The Committee then reviewed the following City recommendations: remove one active member seat and replace with one City-Appointed seat; require citizen appointed positions to have finance or investment experience; establish an actuarial review and reconciliation process allowing the City to provide input on actuarial assumptions and methods; and requiring legislative approval for future COLAs and lump-sum payments.

Ms. Pool arrived at 11:06 a.m.

Trustees discussed the proposals and directed Staff to continue working with the working group to bring a proposal to the March Board meeting.

5 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 11:17 a.m.

4. Discuss and consider Board
governance including Governance
Effectiveness Assessment
recommendations

Presented by Christopher Hanson and Russell
Nash

AGENDA ITEM 4:

Discuss and consider Board governance including Governance Effectiveness Assessment recommendations

AGENDA ITEM OBJECTIVE

This agenda item is for discussion and consideration of the remaining recommendations from the 2020 Governance Effectiveness Assessment.

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.**

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

BACKGROUND

At the March 2022 meeting, the Committee considered certain governance recommendations from Global Governance Associates (GGA) that had not been implemented in 2021.

After a discussion, two recommendations were identified for further consideration by the Committee: 1) A minimum amount of experience to be considered for Board Chair, and 2) term limits for Trustee positions.

ATTACHMENT

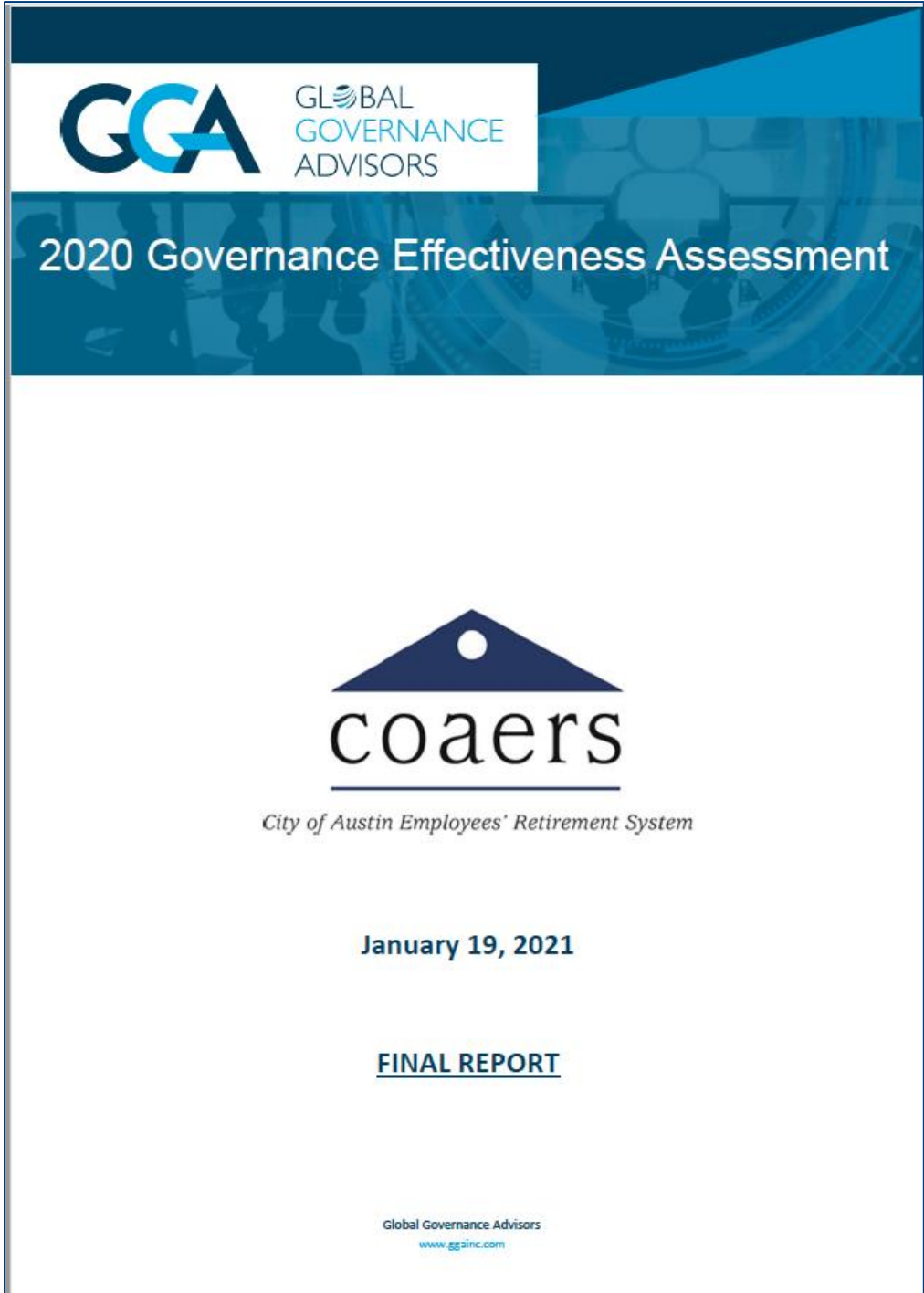
1. Staff presentation: "Governance Recommendations"



Governance Recommendations

Christopher Hanson and Russell Nash
Governance and Human Resources Committee
June 2, 2022

Global Governance Advisors Final Report December 2020



GGA Recommendations

- To ensure a certain level of competency, Chair and Vice-Chair nominees should have a minimum of two years' experience on the Board and one year as a Committee Chair.

- To help facilitate a constant rejuvenation of its perspective, skills, and opinions COAERS should establish formal Term Limits for its members which are aligned with the current governance best practice of approximately nine years in total (i.e., three 3-year terms).



Board Chair and Vice-Chair Experience Requirements

Minimum service/experience requirement for Board Chair

- Currently, no experience requirements are established in COAERS governing statute or Board policy
- While statutory change would codify the requirement, it could create unintended consequences of limiting future nominees for Chair and Vice-Chair
- Consideration could be given to establishing a provision in Board policy instead of statute; though it would not be legally binding

Term Limits

Board Member Term Limits

- COAERS governing statute does not create any limit on the number of terms that can be served by elected or appointed trustees
- Certain trustee positions do not have a formal term: Trustee Positions 1 (City Council appointee) and 2 (City Manager appointee) have no statutorily established term.
- Scenarios were analyzed to determine what approach would best create an orderly turn-over of trustees.
- Two primary options emerged with results that provide an orderly turn-over: twelve-year limit and 3 four-year terms. However, any term limit option would require some complexity to implement.



Term limit = 12 years

		Term Limit - New Trustee Required												
Trustee		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Leslie Pool	Place 1	New												
Chris Noak	Place 8		New											
Anthony B Ross, Sr.	Place 11			New										
Michael Benson	Place 10				New									
Yuejiao Liu	Place 9					New								
Amy Hunter	Place 7							New						
Diana Thomas	Place 2								New					
Dick Lavine	Place 4									New				
Michael Granof	Place 5									New				
Brad Sinclair	Place 6											New		
Kelly Crook	Place 3													New

Assumptions:

- CM Pool is term limited as a City Council Member - City Council term ends in December 2024
- Term limit applies to the person not the place
- Existing trustees finish their current terms; if term limit date occurs within a term, trustee can finish out that term
- COAERS term limits don't go into effect until legislation does - meaning elections after 2022. Allows Mr. Ross to run for 2022-2026 term
- Existing trustees continue to serve (be elected) until their term limit



Term limit = 3 four-year terms

Trustee	Place	Terms Served at End of Current Term	Term Limit - New Trustee Required											
			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
Leslie Pool	Place 1	3	New											
Michael Benson	Place 10	3	New											
Chris Noak	Place 8	3		New										
Anthony B Ross, Sr.	Place 11	3			New									
Amy Hunter	Place 7	2				New								
Yuejiao Liu	Place 9	2						New						
Diana Thomas	Place 2	1								New				
Brad Sinclair	Place 6	1								New				
Kelly Crook	Place 3	1									New			
Dick Lavine	Place 4	1										New		
Michael Granof	Place 5	1											New	

Assumptions:

- CM Pool is term limited as a City Council Member - City Council term ends in December 2024
- Place 1 and Place 2 have no terms, so terms would have to be created. Assumes a four-year term starts January of 2024 for Place 2
- Assumes any partial service within a term counts as service for one full term
- COAERS term limits don't go into effect until legislation does - meaning elections after 2022. Allows Mr. Ross to run for 2022-2026 term
- Existing trustees continue to serve (be elected) until their term limit

5. Discuss and consider Board Approved Election Policy

Presented by Russell Nash

AGENDA ITEM 5:
Discuss and consider Board Approved Election Policy

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to discuss revisions to 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 changes to the Board for approval.

BACKGROUND

This year the Board will conduct an election for Retired Member Place 11 currently held by Mr. Anthony B. Ross, Sr. The election will be held in fall of 2022 with ballots distributed late October and the election concluding December 1, 2022.

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 the following proposed changes summarized as follows:

1. The duties of “volunteers” have been made more general.
2. Language from the COAERS Bylaws has been added to allow videoconferencing if the Election Committee Chair is physically located at the location posted on the agenda.
3. The prohibition on two candidates running from the same department has been clarified as the COAERS statutes only apply this provision to active elections.

Staff will bring a list of Election Committee members, alternates, and volunteers to the full Board for review and approval on June 23, 2022.



COMMITTEE MEETING
Agenda Item Information Sheet

ATTACHMENT

1. Draft revisions to 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

Signature of Chairperson: _____
Chris Noak

**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 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 designee
Place Three	Council Appointed Citizen Member
Place Four	Council Appointed Citizen Member
Place Five	Board Appointed Citizen Member
Place Six	Active-Contributory Member
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 ~~with the counting of ballots~~ Committee and Staff. Volunteers cannot vote or participate in any decision of the Nominating and Election Committee.

Commented [RN1]: COAERS now uses a vendor to count ballots, so we have made this definition more general.

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 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.

Commented [RN2]: This paragraph is not new, it has been relocated to this subsection from subsection E.

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.

Commented [RN3]: This is the same language used in the COAERS bylaws which allows videoconferencing if the Chair is physically present at the location posted on the agenda.

C. 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.
 - ~~d. a. 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.~~
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 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 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

Commented [RN4]: Clarifies this prohibition is only for active member elections as stated in the COAERS statutes.

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 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 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, 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 relationship 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 Board Approved Emergency Succession Policy

Presented by Christopher Hanson

AGENDA ITEM 6:

Discuss and consider Board Approved Emergency Succession Policy

AGENDA ITEM OBJECTIVE

This agenda item is for discussion and consideration of the Emergency Succession Policy.

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.**

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends the Committee refer the draft revised Emergency Succession Policy to the Board for adoption.

BACKGROUND

The Emergency Succession Policy was first approved in June 2021 and is scheduled to be reviewed annually. Given the retirement of the Chief Financial Officer whose position remains unfilled, Staff recommends the next most senior position which would be Chief Information Officer.

ATTACHMENT

1. Draft Emergency Succession Policy



Board Approved Policy

Subject: Emergency Succession

Review Committee: Governance and Human Resources

Date Implemented: June 29, 2021

Date Updated: June 23, 2022

Signature of Chairperson:

Chris Noak

**CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD APPROVED POLICY
EMERGENCY SUCCESSION POLICY**

I. PURPOSE AND SCOPE

The City of Austin Employees' Retirement System ("COAERS" or "System") Board of Trustees ("Board") recognizes that this is a plan for contingencies due to the disability, death, or departure of the Executive Director. If the organization is faced with the unlikely event of an untimely vacancy, COAERS has in place the following emergency succession plan to facilitate the transition to both interim and longer-term leadership.

The COAERS Board has reviewed the job description of the Executive Director. The job description is attached. The Board has a clear understanding of the Executive Director's role in organizational leadership, System administration, operations, Board of Directors' relationships, investment activities, financial operations, and stakeholder relationship management.

II. PROCESSES AND RESPONSIBILITIES

A. In Event of a Temporary, Unplanned Absence: Short-Term

A temporary absence is one of less than three months in which it is expected that the Executive Director will return to their position once the events precipitating the absence are resolved. An unplanned absence is one that arises unexpectedly, in contrast to a planned leave, such as a vacation or a sabbatical. The Board of Trustees is authorized to implement the terms of this emergency plan in the event of the unplanned absence of the Executive Director.

In the event of an unplanned absence of the Executive Director, COAERS General Counsel is to immediately inform the Board Chair of the absence. As soon as it is feasible, the Chair should convene a meeting of the Governance & Human Resources Committee ("Committee") to affirm the procedures prescribed in this plan or to make modifications as the Committee deems appropriate.

At the time that this plan was approved, the position of Acting Executive Director will be the:

Deputy Executive Director.

Should the standing appointee to the position of Acting Executive Director be unable to serve, the first and second back-up appointees for the position of Acting Executive Director will be:

(1) Chief Investment Officer; and (2) Chief ~~Financial Information~~ Officer.

If this Acting Executive Director is new to their position and inexperienced with the COAERS System (i.e., less than 12 months), the Board may decide to appoint one of the back-up appointees to the acting executive position. The Board may also consider the option of splitting executive duties among the designated appointees.

Authority and Compensation of the Acting Executive Director

The person appointed as Acting Executive Director shall have the full authority for decision-making and independent action as the regular Executive Director.

The Acting Executive Director may be offered a temporary and appropriate salary increase within the Executive Director position salary range for the time spent in the Acting Executive Director role.

Board Oversight

The Board Chair and Governance & Human Resources Committee Chair will be responsible for monitoring the work of the Acting Executive Director and will be sensitive to the required needs of the Acting Executive Director in this temporary leadership role.

Communications Plan

Immediately upon transferring the responsibilities to the Acting Executive Director, the Board Chair will notify staff members, other members of the Board of Trustees, and key stakeholders.

Completion of Short-Term Emergency Succession Period

The returning Executive Director and the Board Chair will collectively decide when the absent Executive Director returns to lead the System and establish a mutually agreed-upon schedule and start date. A reduced schedule for a set period will be allowed, by pending Board Chair approval, with the intention of working their way back up to a full-time commitment.

B. In Event of a Temporary, Unplanned Absence: Long-Term

A long-term absence is one that is expected to last more than three months. The procedures and conditions to be followed will be the same as for a short-term absence. However, in addition, the Governance & Human Resources Committee will give immediate consideration, in consultation with the Acting Executive Director, to temporarily filling the management position left vacant by the Acting Executive Director. This is in recognition of the fact that for a term of more than three months, it may not be reasonable to expect the Acting Executive Director to carry the duties of both positions. The position description of a temporary manager would focus on covering the priority areas in which the Acting Executive Director needs assistance.

Completion of Long-Term Emergency Succession Period

The returning Executive Director and the Board Chair will collectively decide when the absent Executive Director returns to lead the System and establish a mutually agreed upon schedule and start date. A reduced schedule for a set period will be allowed, by approval of the Board Chair, with the intention of working the way up to a full-time commitment.

C. In Event of a Permanent Change

A permanent change is one in which it is firmly determined that the Executive Director will not be returning to the position. The procedures and conditions should be the same as for a long-term temporary absence. However, in addition, the Board of Trustees will appoint a Transition & Search Committee within 14 days to plan and carry out a transition to a new permanent Executive Director. The Board will also consider the need for outside consulting assistance depending on the circumstances of the transition and the Board's capacity to plan and manage the transition and search. The Transition & Search Committee will also determine the need for an Interim Executive Director, and plan for the recruitment and selection of an Interim Executive Director and/or permanent Executive Director.

III. ONGOING REVIEW AND APPROVAL OF THIS POLICY

Annually, the Board or a committee of the Board will review this policy and assess its effectiveness in safeguarding the provision of management leadership within the System. The Executive Director will provide the Board or a committee of the Board with updates, as needed, on any changes made within senior leadership of the System that could impact the succession policy. This will include updates on the development needs and opportunities provided within the System for high potentials to advance their potential and further enhance their existing leadership skills.

7. Discuss development of a Board Governance Manual

Presented by Christopher Hanson

AGENDA ITEM 7:
Discuss development of a Board Governance Manual

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to begin preliminary discussions on a draft COAERS 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**. One key performance indicator for 2022 is the creation of a Board Governance Manual.

RECOMMENDATION FOR COMMITTEE ACTION

No action required; for informational purposes only

BACKGROUND

After the completion of the 2020 Governance Effectiveness Assessment, the ad-hoc Governance Committee discussed the possibility of creating a Board Governance Manual to memorialize concepts such as the Board's governance philosophy, roles of Committees, Board culture, and Board member conduct.

During the development of the 2022-2026 Strategic Plan, a key performance indicator for Strategic Plan Goal 4 was added for the creation of a Board Governance Manual. This agenda item is intended for the Committee to begin preliminary discussion on topics for possible inclusion in the Board Governance Manual with the goal of providing Staff enough feedback and direction to begin working a draft to be presented at the next Committee meeting.

ATTACHMENT

1. Development of a Board Governance Manual



Development of Board Governance Manual

Christopher Hanson
Executive Director
June 2, 2022

Role of Board Governance Manual

1. Establish the Board's governance principles and philosophy
2. Establish a process and review cycle for Board self-assessment and formal Board governance reviews
3. Memorialize key concepts which currently do not reside elsewhere in Board policy: Conduct toward other trustees and staff, "One Voice", and Board culture
4. Assist in the onboarding a new Trustees
5. Create a roadmap for future Boards to build upon



Governance Principles and Philosophy

Examples of Board principles and philosophy of governance:

- Effective and capable fiduciaries
- Roles of the Committees
- Ethical leaders
- Open and accountable to stakeholders
- Risk intelligent and insightful decisions
- Long-term view of the needs of beneficiaries and System participants
- Continuous learning and adaptation to changing conditions



Process of Board Self-Evaluation and Formal Reviews



- Existing self-evaluation process is not formally documented
- Create and memorialize self-evaluation process
- Consider additional review process for Board Chair, Vice-Chair, and Committee Chairs
- Decide if and how to utilize the Board Skills Matrix
- Establish time period for future formal governance reviews
- Outline events that could trigger immediate governance review
- Memorialize the expected outcomes and goals of self-evaluation and formal governance reviews

Memorialize Key Board Concepts



- Board conduct such as civility and courtesy, and addressing shortfalls when they occur
- “One Voice” vigorously debate differences of opinion, but once the Board votes, Trustees accept the outcome.
- Board Culture and Governing Style: strategic leadership, outward vision, focus on future, proactivity, frank and open discussions, encouragement of collegiality, governance by consensus

Onboarding New Trustees and Roadmap for Future Boards

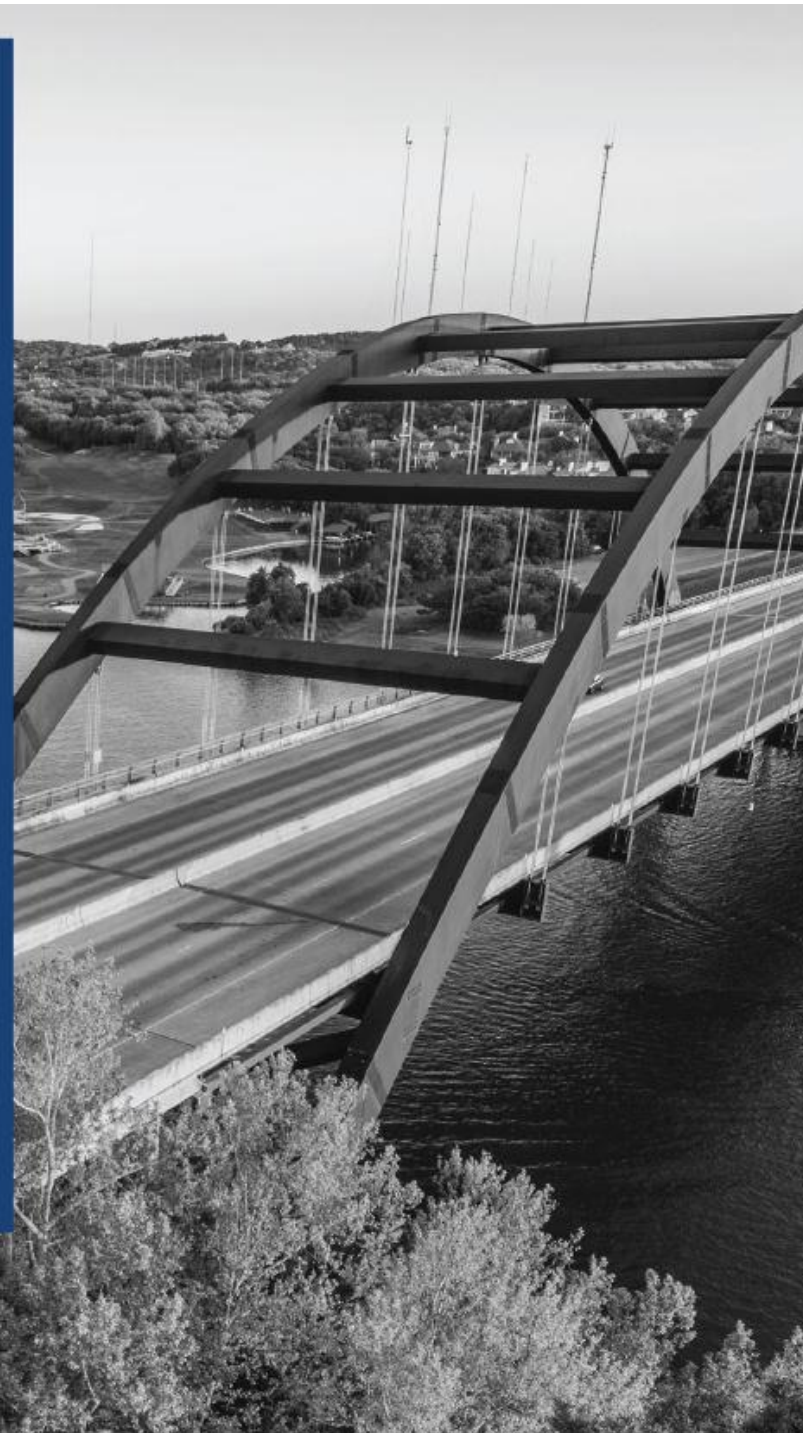
- Provides important and relevant information on key governance principles, philosophy, and expectations for new Board members
- Future Boards can build upon and amend these concepts as they see fit



2022-2026 Strategic Plan

CITY OF AUSTIN
EMPLOYEES'
RETIREMENT SYSTEM

STRATEGIC PLAN
2022 - 2026



GOAL 4: Identify and implement leading practices in board governance, pension administration, and investment management.

Key performance indicator for 2022 is to create a Board Governance Manual

Next Steps

- Committee discussion and feedback on Board Governance Manual concepts
- Staff drafts an initial document for presentation at the August Committee meeting



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

Presented by Committee Chair Liu

AGENDA ITEM 8:

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.

ATTACHMENT

1. 2022 Governance and HR Committee Work Plan

2022 Draft 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
 - Review Board annual self-assessment
 - Personnel Policy and performance management
 - Executive Director evaluation policy/procedure
 - Receive report on new trustee orientation program

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