



**MINUTES
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
CALLED BOARD MEETING
Tuesday, September 25, 2018 – 1:30 PM
418 E. Highland Mall Boulevard, Austin, Texas 78752**

Board Members Present

Chris Noak, Chair
Stephanie Beach
Michael Benson
Eyna Canales-Zarate
Amy Hunter
Yuejiao Liu
Frank Merriman
Leslie Pool
Anthony B. Ross, Sr.
Randy Spencer

Board Members Absent

Ed Van Eenoo

Others Present

Staff:

Christopher Hanson
Russell Nash
Donna Boykin
David T. Veal
David Stafford
Julie Barschow
Amy Kelley
Sarah McCleary
Michelle Mahaini

Guests:

Paige Saenz, General Counsel
Andrew Alizzi, Avison Young
Dr. Harold Skaggs

1. Call meeting to order – Chair Noak

Chair Chris Noak called the meeting to order at 1:33 PM.

2. Call roll of Trustees – Chair Noak

The secretary called the roll and the following Trustees were present: Beach, Benson, Canales-Zarate, Hunter, Liu, Merriman, Noak, Pool, Ross, and Spencer.

3. Review order of business

Chair Noak reviewed the order of business. No changes were made, though there was discussion of moving the Audit and Risk Committee report if the meeting runs behind schedule.

4. Receive system member and public comments – Chair Noak

There were no public comments.

5. Receive reports on the following administrative matters – Chair Noak

- A. Ethics policy disclosure statement**
- B. 2018 Board and Committee meeting schedule**

Chair Noak noted the ethics policy disclosure statement, and the remaining 2018 Board and Committee meeting schedule.

Key Staff Declarations:

David Stafford declared meetings with Laura Zink and Eric Hoff at DDJ; Yao Hua Ooi at AQR; Chris Tucek at Legal and General; Kathy Stevenson at Northern Trust; Francis Semphill and Roy Leckie at Walter Scott; Dan Howell at BTIG; Rick Friedman and Daniel Ransenberg at GMO; Chris Von Bargaen, Ken Shenoda, Morris Chen, and Sydney Simmering at DoubleLine; Kurt Polk at Axiom; Lindsay Tragler at Galaxy Digital; Ryan Green at Abbott Capital; Sam Scher, Summer Chang, and Tim Poulin at Lord Abbett; Patrick Burchell at Hamilton Lane; Pat Kelly and Pat O’Hara at Agincourt; Steve Moen and Adam Howarth at Partners Group; Greg Williams and Michael Miller at Wellington; Jonathan Clark at Adrian Lee Partners; Ashley Hartman Alson and Fred Porzelt Northern Trust Asset Management; John Ewart and Mark Martyrossian at Aubrey Capital; JoAnne Svendsgaard at Millennium Global; Chad Gross at Loomis Sayles; Melissa Oberman and Brian Faleiro at Neuberger Berman; Bill Grayson, Meighan Phillips, Andrew Thornton, and Michelle Fang at Principal; Gilbert Garcia, Ruby Dang, Stephanie Roberts, and Karen Tass at Garcia Hamilton and Associates; Avni Gandhi at Western Asset; David Hoisington, VR Hoisington, and Lacy Hunt at Hoisington Investment Management Company; Ewan Kirk, Rossa Wurner and Natalie Daw at Cantab; Eran Klein and Dave Torchia at Stone Harbor; Bill Deuchler at Morgan Creek Capital; Leigh Talbot at New Century Advisors; John Linder and Robert Shreckgast at Ryan Labs; Sharon Yang at FactSet; Peter Taggart at PGIM; Chris Henderson and Brian Casey at Cohen and Steers; Tom Rose, Gargi Chaudhury, and Jonathan Alden at Blackrock; Melissa King at Barings; Ellen Welsh at Seix; Jerry Navarette and Almond Goduti at BNY Mellon; Kristin Shofner at FIAM; Tonja Truesdall at Thornburg; Jessica Walton at DFA; Chris Remington at Eaton Vance; Ben Lazarus and Tom Lee at Parametric; Sean Borella at QMA; Iwan Djinali at AQR; Jeff Fox at JP Morgan; Reston Blumwest at AlplInvest; Anna Dayn, and Wolfram Klingler at XTP; Scott Crossley, and Gerald Stack at MFG; Chadwick Cunningham at LaSalle; Sunny Chu at GPE; Tripp Dolman at Institutional Investor; David Lawson at UBS; Fallyn Sheff, and Zachary Smith at FactSet; Chad Kutney and Peter Phillips at Winton; Erik Ogard at Russell Investments; Mary Davidson at Abel Noser; Leslie Golden at Macquarie; Kieran Stover at Reams; Brandon Kunz at Research Affiliates; Sandy Loewen at Preqin; Dana Klarer and Ariel Maguire at Bloomberg; Kevin Gray at PIMCO.

David Veal declared meetings with Yao Hua Ooi and Iwan Djanali from AQR; Chris Tucek from Legal and General; Kathy Stevenson and Kimberly Evans from Northern Trust; Francis Semphill and Roy Leckie from Walter Scott; Dan Howell from BTIG; Rick Friedman and Daniel Ransenberg from GMO; Chris Von Bargaen, Ken Shenoda, Morris Chen, and Sydney Simmering from DoubleLine; Kurt Polk from Axiom; Ryan Green from Abbott Capital; Sam Scher, Summer Chang, and Tim Poulin from Lord Abbett; Patrick Burchell from Hamilton Lane; Steve Moen and Adam Howarth from Partners Group; Greg Williams and Michael Miller from Wellington; Jonathan Clark from Adrian Lee Partners; Ashley Hartman Alson and Fred Porzelt Northern Trust Asset Management; John Ewart and Mark Martyrossian from Aubrey Capital, JoAnne Svendsgaard from Millennium Global; Chad Gross from Loomis Sayles; Melissa Oberman and Brian Faleiro from Neuberger Berman; Bill Grayson, Meighan Phillips, Andrew Thornton, and Michelle Fang from Principal; Gilbert Garcia, Ruby Dang, Stephanie Roberts, and Karen Tass from Garcia Hamilton; Avni Gandhi from Western Asset; David Hoisington, VR Hoisington, and Lacy Hunt from Hoisington; Bill Deuchler from Morgan Creek; Leigh Talbot from New Century Advisors; Tom Rose, Gargi Chaudhury, and Jonathan Alden from BlackRock; Melissa King from Barings; Jerry Navarette and Al Goduti from BNY Mellon; Jessica Walton from DFA; Chris Remington from Eaton Vance; Ben Lazarus and Tom Lee from Parametric; Terry Beneke from Cushing; Sean Borella from QMA; Reston Blumwest from AlInvest; Anna Dayn and Wolfram Klingler from XTP; Scott Crossley, and Gerald Stack from MFG; Chadwick Cunningham from LaSalle; Tripp Dolman from Institutional Investor; David Lawson from UBS; Chad Kutney and Peter Phillips from Winton; Mary Davidson from Abel Noser; Kieran Stover from Carillon Tower; Rob Arnott and Brandon Kunz from Research Affiliates; Sandy Loewen from Preqin; Kevin Gray from PIMCO; Chris Rice-Shepherd from Wafra; Tushar Shah from Brown Advisory; Reuben Bramanathan from Coinbase Asset Management; and Lyndsey Tragler from Galaxy Digital. Mr. Veal also declared attendance at the KKR CIO Symposium with meals provided.

Michelle Mahaini declared receiving notepads, pens, and calendar samples from Austex Printing and Mailing, and meeting on August 2 with Becky Harper/Austex as well as a site visit and facility tour at Austex with Becky Harper, Account Manager, and Jake Goodman, Graphic Designer.

Julie Barschow declared receiving notepads, pens, and a calendar from Austex, and meetings with Austex Printing, Imagine You Media, and LCRA.

Chris Hanson declared meetings with Mitch Young of Aspen Environmental, Cliff Kendall of Studio 8 Architects, Robert Byrnes of Studio 8 Architects, Brett Fagan of Building Diagnostics, attendance at the NASRA Annual Conference with breakfast, lunch and dinner provided; conference pens provided, meeting with Ben Lazarus and Thomas Lee of Parametric, and meeting with Deep Mandal and Mick Klein of Aon.

Russell Nash declared meeting with Stephen Janes, Linea Solutions, in conjunction with a site visit from Cook County Pension Fund, Chicago, Illinois; Mitch Young of

Aspen Environmental, Cliff Kendall of Studio 8 Architects, Robert Byrnes of Studio 8 Architects, Brett Fagan of Building Diagnostics Deep Mandal and Mick Klein of Aon. Amy Kelley declared meetings with Freeit bac up options; Catapult MSP; Whitehat Virtual MSP; Darktrace –Cybersecurity; Mindshift; MSP; TC Tech – phones; Impend – FS; Cloudfare – WAF; Kudelski – security; Knoobe4 – Cybersecurity training; Spectrum – Internet costs; Zultyz; SHI-licenses, and GTS.

Board Declarations:

Eyna Canales-Zarate declared a TEXPERS-related phone call with Rick Agosto.

Amy Hunter declared meeting with NCPERS networking happy hour with appetizers and one glass of wine.

6. Consent items – Chair Noak

All of the following items may be acted upon by one motion. No separate discussion or action on any of the items is necessary unless desired by a Trustee.

- A. June 26, 2018 Board meeting minutes**
- B. July 17, 2018 Board meeting minutes and Annual Members’ Meeting minutes**
- C. August 27, 2018 called Board meeting minutes**
- D. August 28, 2018 called Board meeting minutes**
- E. Ratification, confirmation, and approval of April, May, and June 2018 new retirements**
- F. Ratification, confirmation, and approval of April, May, and June 2018 death benefits**
- G. Ratification, confirmation, and approval of Disability Committee recommendations on disability applications #9338 and #2621**

Mr. Anthony B. Ross moved approval of the consent agenda. Ms. Eyna Canales-Zarate seconded, and the motion passed unanimously.

7. Disability Committee

- A. Receive report from August 28, 2018 Disability Committee meeting – Frank Merriman**
- B. Discuss and consider process for initial disability applications and appeals**

Mr. Frank Merriman delivered a report from the Disability Committee meeting. Trustees discussed the proposed process for hearing initial disability applications and appeals when the applicant appeared for the hearing. Ms. Leslie Pool moved to strike the first bullet of the draft and clean up any language to keep consistent. Ms. Canales-Zarate seconded. After further discussion, both the motion and the second were withdrawn. Trustees directed Staff to modify the process, and bring it back to the Board as part of the benefits policy.

8. Disability Retirement Appeal – Chair Noak

- A. Convene into executive session pursuant to Sec. 13, Art. 6243n, Tex. Rev. Civ. Stat. and Sec. 551.0785 Texas Code to consider disability retirement appeal #2018-1**

The Board convened into Executive Session at 1:56 p.m.

- B. Reconvene into public session and take action as determined appropriate by the Board regarding disability retirement appeal #2018-1**

The Board reconvened into public session at 2:11 p.m. Mr. Ross moved to approve retirement appeal #2018-1. Mr. Randy Spencer seconded, and the motion passed.

9. Facility Options – Chair Noak

- A. Convene into executive session pursuant to 551.072, Texas Government Code to deliberate the purchase, exchange, lease, or value of real property**

The Board convened into executive session at 2:12 p.m.

- B. Reconvene into public session and take action as determined appropriate by the Board regarding the purchase, exchange, lease, or value of real property**

The Board reconvened into public session at 2:42 p.m.

Mr. Ross moved to terminate the sale, purchase, and escrow agreement as discussed in executive session. Ms. Canales-Zarate seconded, and the motion passed.

Mr. Ross moved to authorize the Chair to sign a lease for the additional space at Northpoint pending final approval by legal counsel. Ms. Beach seconded, and the motion passed.

Mr. Ross moved to authorize the Executive Director to take the necessary steps to list 418 Highland for sale or lease as discussed in executive session. Ms. Beach seconded, and the motion passed.

10. Discuss and consider 2019 retiree annuity adjustment – Russell Nash

Mr. Russell Nash presented a letter from GRS which recommended not adopting a Cost of Living Adjustment (COLA) January 1, 2019. Mr. Benson moved to accept the GRS recommendation. Mr. Ross seconded, and the motion passed.

11. Amicus Brief – Chair Noak

- A. Convene into executive session pursuant to 551.071, Texas Government Code, and Section 1.05, Texas Disciplinary Rules of Professional Conduct to consult with legal counsel regarding filing an amicus brief in the case of Larry Eddington v. Dallas Police and Fire Pension System**

The Board convened into Executive Session at 2:50 p.m.

- B. Reconvene into public session and take action as determined appropriate by the Board regarding filing an amicus brief in the case of Larry Eddington v. Dallas Police and Fire System**

The Board reconvened into public session at 3:07 p.m. No action was taken.

12. Receive report from August 17, 2018 Investment Committee meeting – Mike Benson

Mr. Benson delivered a report from the August 17, 2018 Investment Committee meeting.

13. Receive report from August 28, 2018 Policy Committee meeting – Chair Noak

Chair Noak delivered a report from the August 28, 2018 Policy Committee meeting.

14. Receive report from August 28, 2018 Audit and Risk Committee meeting – Anthony Ross

Mr. Ross delivered a report from the August 28, 2018 Audit and Risk Committee meeting.

15. Receive report from August 28, 2018 Benefits and Services Committee meeting – Eyna Canales-Zarate

Ms. Canales-Zarate delivered a report from the August 28, 2018 Benefits and Services Committee meeting.

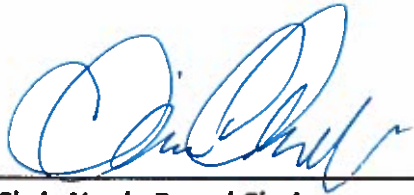
16. Review and discuss the Executive Director’s report – Christopher Hanson

- A. State minimum educational training requirements, upcoming educational programs, and Trustee educational feedback forms**
- B. Administrative operational matters, including an update on staffing plan**
- C. Board operational matters, including a review of the draft Board workshop agenda**

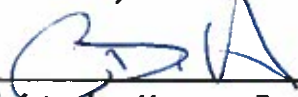
Mr. Hanson delivered a report including the status of Trustee training, upcoming educational opportunities, the status of the staffing plan, and a preliminary agenda for the upcoming Board workshop.

17. Call for future agenda items – Chair Noak

As there were no further items to address, the meeting adjourned at 3:17 p.m.



Chris Noak, Board Chair



Christopher Hanson, Executive Director

12-18-18

Date

12/18/18

Date