




March 2024 Governance and HR Committee



Schedule Wednesday, March 6, 2024 11:15 AM — 11:30 AM CST
Venue 4700 Mueller Blvd., Austin, TX 78723
Organizer Sarah McCleary



Agenda



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 4. Consider approval of the November 9, 2023 Governance and HR Committee minutes 7
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Vote Vote to approve the November 9, 2023 Governance and HR Committee minutes as presented.

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Presented by Christopher Hanson
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Vote Vote to recommend to the Board for approval the "Election for Active-Contributory and Retired Board Members" policy as presented	

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1. Call roll of Committee members

Presented by Brad 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.

2. Review order of business and establish meeting objectives

Presented by Brad 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.

1. The Committee will review the 2024 Committee Work Plan.
2. The Committee will conduct its annual review of the Board Election Policy.
3. The Committee will discuss and consider the Board Bylaws.

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.

3. Receive public comments

Presented by Brad Sinclair



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 3: Receive public comments

AGENDA ITEM OBJECTIVE

This standing agenda item allows System members and members of the public the opportunity to provide comments to the Board.

The Chair will recognize any person who wishes to comment for up to three minutes per person.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

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.*”

4. Consider approval of the November 9,
2023 Governance and HR Committee
minutes

Presented by Brad Sinclair



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 4:

Consider approval of the November 9, 2023 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.

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends approval of the minutes of the November 9, 2023 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.*”

ATTACHMENT

1. Draft minutes of November 9, 2023 Governance and HR Committee meeting



MINUTES

GOVERNANCE and HR COMMITTEE
 Public Meeting held in person and videoconference
 On November 9, 2023 at 1:00 p.m. CT
 Pursuant to Texas Govt. Code 551.127

Committee Members Present/ (Absent)

Brad Sinclair, Committee Chair
 (Michael Benson)
 Kelly Crook
 Yuejiao Liu
 Chris Noak†

* Present telephonically
 † Present via videoconference

Other Board Trustees Present/ (Absent)

(Michael Granof)
 (Amy Hunter)
 Dick Lavine
 (Anthony B. Ross)
 (Leslie Pool)
 Diana Thomas

Guests
 Paige Saenz, General Counsel
 Kevin Balaod, WithIntelligence

Others Present:

Staff
 Christopher Hanson
 Russell Nash
 Sarah McCleary
 Jenni Bonds
 Mehrin Rahman
 Yun Quintanilla
 Teresa Cantu
 David Kushner
 Amy Kelley*

1 Call roll of Committee members

Committee Chair Brad Sinclair called the meeting to order at 1:37 p.m. The following Committee members were present in person: Sinclair, Crook, and Liu. The following Committee member was present via videoconference: Noak.

2 Review order of business and establish meeting objectives

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

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

3 Consider approval of the August 31, 2023 Governance and HR Committee minutes

Committee Chair Sinclair asked Trustees to review the minutes. Ms. Yuejiao Liu moved to approve the August 31, 2023 Governance and HR Committee minutes as presented. Ms. Kelly Crook seconded, and the motion passed 4-0.

4 Discuss and consider Education Policy

Mr. Christopher Hanson presented the proposed revisions to the Education Policy to the Committee as part of its annual review cycle. Ms. Crook moved to refer to the Board for approval of the Education Policy as presented. Ms. Liu seconded, and the motion passed 4-0.

5 Review 2023 Committee Work Plan and discuss development of 2024 Committee Work Plan

Mr. Hanson noted that the Committee had completed all goals for the 2023 Work Plan. A draft of the 2024 Committee Work Plan was presented.

6 Review key meeting takeaways and call for future agenda items

Committee Chair Sinclair summarized the actions taken and information discussed at the meeting and provided an opportunity to add future agenda items.

As there were no other items to be discussed, the meeting adjourned at 1:47 p.m.

5. Review 2024 Governance and HR Committee Work Plan

Presented by Christopher Hanson



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 5: Review 2024 Governance and HR Committee Work Plan

AGENDA ITEM OBJECTIVE

This agenda item is for discussion and consideration of the 2024 Committee Work Plan.

RECOMMENDATION FOR COMMITTEE ACTION

For informational purposes only; no action required.

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.

ATTACHMENT

1. 2024 Committee Work Plan

2024 Governance and HR Committee Work Plan

Scheduled Meetings

1. March meeting
 - Board Bylaws
 - Appointments to Fill Unexpired Terms Policy
 - Election Policy
2. August meeting
 - Emergency Succession Policy
 - Diversity Policy
3. November meeting
 - Committee Charter
 - 2025 Work Plan

**6. Discuss and consider Board Bylaws
and Appointments to Fill Unexpired Terms**
Presented by Brad Sinclair



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 6:

Discuss and consider Board Bylaws and Appointments to Fill Unexpired Terms

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to discuss proposed revisions to the Board Bylaws.

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends the Committee refer to the Board the approval of proposed revisions to the Board Bylaws and the repeal of Board Policy A-1 “Appointment to Fill Unexpired Terms”.

ITEM SUMMARY

Staff has drafted proposed revisions to the Board Bylaws addressing three issues:

1. The passage of Senate Bill 1444 during the 88th Legislative Session changed the composition of the Board of Trustees, with place six moving from an active member position to the City Finance Director or their designee (Article 1.2).
2. After the resignation of Ms. Amy Hunter from the Board in the fall of 2023, the Board directed Staff to propose a more flexible approach should the Board seek to fill an unexpired term than the current Board Policy (Article 1.2).
3. The Policy Committee directed Staff to ensure that each Board policy has a review cycle (Article 6.2).

All the issues are addressed in the revisions proposed to the Board Bylaws. As part of the inclusion of item two above, Staff is recommending the repeal of Board Policy “Appointments to Fill Unexpired Terms”. As discussed with the Board when Ms. Hunter resigned in 2023, the current policy is overly prescriptive and leaves the Board with little flexibility should the Board choose to fill the vacancy. A copy of this policy is included in the materials for reference.

Lastly, Staff also received a request to revise Article 3.3.5 related to Committee Chairs serving on the Policy Committee.

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*”.



COMMITTEE MEETING
Agenda Item Information Sheet

ATTACHMENTS

1. Draft revisions to Board Bylaws
2. Board Policy "Appointments to Fill Unexpired Terms"

Bylaws of the
Board of Trustees of
the City of Austin
Employees’
Retirement System

Revised March 28, 2024

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Bylaws of the Board of Trustees of the City of Austin Employees' Retirement System

ARTICLE 1 Organization of the Board of Trustees

1.1 Authority. The City of Austin Employees' Retirement System ("COAERS" or the "system") has been established pursuant to Article 6243n of Texas Revised Civil Statutes (the "Act"), which requires COAERS to have a Board of Trustees (the "Board") to administer COAERS and invest its funds. The assets of the COAERS pension fund are required by state and federal law to be held in trust for the exclusive benefit of plan participants and beneficiaries.¹ The Board of Trustees of COAERS is the trustee of all plan assets, is responsible for the general administration and operation of COAERS, and is authorized by law to adopt rules for the administration of COAERS and the transaction of the business of the Board.² The Board may, at its discretion, delegate authority to carry out the administration of the system but may not delegate the responsibility for the system. All powers of trusteeship are held in the Board's fiduciary capacity. The exercise or non-exercise of the Board's powers are subject to the fundamental duties of prudence, loyalty, and impartiality; to a duty to respect the terms and purposes of the system; and to other fiduciary duties of trusteeship. Although a trustee's duties, like trustee powers, may be affected by the terms of the trust, the fiduciary duties of trusteeship are subject to minimum standards that require the trustee to act in good faith and in a manner consistent with the purposes of the trust and the interests of the members and beneficiaries. These fundamental standards of trusteeship are implicit in and normally essential to the trust relationship.

1.2 Composition. The Board is composed of eleven members. Place one serves at the pleasure of the City Council of the City of Austin (the "governing body"). Place two serves at the pleasure of the City governing body or, in the case of the City Manager's designee, the City Manager, unless earlier terminated as provided in the Act. Place six shall be the City's Finance Director or the City Finance Director's designee. Places three, four, five, and seven through eleven serve for staggered four-year terms beginning on January 1 of the year after appointment or election unless earlier terminated by death, disability, resignation, removal, or loss of qualifications. Trustees are appointed or elected in accordance with statutory requirements.³

¹ Texas Constitution, Art. 16, Section 67(a); 4(a) of the Act; Texas Government Code Section 802.203; United States Internal Revenue Code Section 401(a).

² See Section 4(q) of the Act.

³ Sections 4(b) – (m) of the Act.

A trustee whose term expires or resigns shall continue to perform the duties of the office until his or her successor shall be duly qualified.⁴ Limited exceptions to holding over in office may arise, one of which is the removal of an office holder as authorized by the Act. The Board may adopt procedures for the appointment of an unexpired term of office of active-contributory or retired elected trustees consistent with the Act.

1.3 Chair of the Board of Trustees. The chair shall:

- (a) Except as provided in Section 2.1.7, preside over meetings of the Board and perform such other duties as are assigned by statute, these Bylaws, or other action of the Board;
- (b) provide leadership to the Board;
- (c) address individual Trustee issues as appropriate;
- (d) encourage the Board's full discharge of its fiduciary duties according to adopted policies and procedures;
- (e) oversee Board governance and determine appropriateness of meeting discussion to the Board's policy making and monitoring role;
- (f) facilitate proper flow of information to the Board, reviewing adequacy and timing of material;
- (g) plan adequate time for effective study and discussion of business under consideration;
- (h) act as liaison between the Board and the Executive Director;
- (i) serve as the spokesperson for COAERS;
- (j) be the co-signatory on COAERS checks with Board vice chair;
- (k) be the signatory on contracts for banking services, Investment Managers, Investment Consultant services and other investment-related contracts, Auditor and Actuary services; and
- (l) serve at the pleasure of the Board.

1.4 Vice Chair of the Board of Trustees.

1.4.1 In case of the absence, death, resignation, disability, removal, or disqualification of the chair, the vice chair shall perform the duties of

⁴ Texas Constitution, Art. 16, Section 17.

the chair until the chair shall resume his or her office or a successor chair has been appointed.

1.4.2 The vice chair serves at the pleasure of the Board.

1.5 Absence of Chair and Vice Chair. In the case of the absence, death, resignation, disability, removal, or disqualification of both the chair and vice chair, the member of the Board with the longest service on the Board (considering all Board service), as certified by the executive director, shall exercise the duties of the chair, as acting chair, until the chair or vice chair shall resume his or her office or until a successor chair has been elected or a successor vice chair has been elected. In the event there are two or more members with equal length of service, an action of the Board shall designate an acting chair from among the members with equal length of service.

1.6 Chair and Vice-Chair Elections.

1.6.1 Each January, the Board shall elect a chair and vice-chair for one-year terms⁵.

1.6.2 No Trustee may be elected to the chair or vice-chair position for more than two consecutive terms.

1.6.3 A former chair or vice-chair will again become eligible for the position after the office has been held by another Trustee.

1.6.4 In December prior to the January meeting in subsection 1.6.1, the Executive Director or designee will provide electronic notification to current and incoming Board members to call for nominations for the chair and vice-chair position. The notification will include a description of the nomination process, a list of all Board members eligible to serve as chair and vice-chair, and the deadline for nominations. One week before the nomination deadline, the Executive Director or designee will provide second electronic notification to Board members to again call for nominations for the chair and vice-chair position. This notification will include a list of all Board members eligible to serve as chair and vice-chair, a list of current nominees for each position, and the deadline for nominations.

1.6.5 Nominations for the chair and vice chair of the Board shall be provided to the Executive Director or designee not later than two weeks before the date of the January meeting in subsection 1.6.1. A Board member may self-nominate for any such position. The Executive Director or designee will notify any Board member nominated for the chair and vice-chair position within 72 hours of such nomination unless that

⁵ Ibid.

Board member self-nominated. Board members may withdraw from consideration at any time before the Board vote.

- 1.6.6** Board members may provide a written statement regarding their candidacy to be included in the Board materials distributed in advance of the January meeting in subsection 1.6.1. The Executive Director will notify all Board members nominated for the chair and vice chair of the deadline for such written statement. Board materials will include the list of candidates nominated for the chair and vice-chair positions as well as any candidate statements provided. Board members nominated for the chair and vice-chair positions may also make a verbal statement or provide a written statement prior to the Board vote.
- 1.6.7** Elections conducted in Board meetings shall be conducted in an open meeting by acclamation or by a roll-call vote pursuant to a motion that has been seconded.
- 1.6.8** When the position of chair or vice chair becomes vacant, the Board shall elect a Trustee to serve the remainder of the term for the vacant position at the next Board meeting for which notice can be given in accordance with the Texas Open Meetings Act (the "TOMA").
- 1.6.9** Subject to the provision that such persons serve at the pleasure of the Board, persons elected to the positions of chair and vice chair under this section serve for a term that expires upon the next election for that position or upon the person vacating his or her position on the Board due to death, disability, resignation, removal, or replacement by another Trustee by election or appointment.

1.7 Responsibilities of the Board. Board trustees are COAERS fiduciaries and shall discharge their duties in the exclusive interest of members and beneficiaries for the purpose of providing authorized benefits to participants and their beneficiaries. The Board shall:

- (a) establish and periodically review the COAERS mission in light of the Board's constitutional and statutory authority and set the strategic direction for its accomplishment;
- (b) adopt policies, resolutions, and bylaws as deemed appropriate for the administration of the system;
- (c) be responsible for the selection, job description, assignment of duties, performance evaluation, compensation, and discipline, including dismissal, of the executive director;
- (d) provide oversight and direction to the executive director to ensure that effective management practices are followed in the organization;
- (e) approve the annual administrative operating budget;
- (f) receive reports from the staff, investment consultant, and others

- regarding the investment portfolio;
- (g) review investment performance, asset mix, portfolio characteristics, cash flow, transactions, and monitor compliance with investment policies and guidelines;
 - (h) ensure the establishment of a system for equitable and effective hiring, evaluation, compensation, and termination of employees;
 - (i) monitor and evaluate the effectiveness of the system;
 - (j) ensure an adequate working environment for staff members;
 - (k) establish committees as are necessary to make recommendations to the Board and help carry out the Board's responsibilities; however, such committees may not exercise authority required under these Bylaws or by state or federal law to be exercised by the Board as a whole, and the Board may consider or take any action otherwise specified to be taken or considered by a committee created pursuant to article 3 of these Bylaws;
 - (l) delegate authority to the staff through the executive director;
 - (m) consider appeals as provided in Board policy;
 - (n) consider applications for disability retirement in as required by the Act;
 - (o) maintain confidentiality as required by the Act and other applicable laws;
 - (p) select and evaluate an actuary to make periodic valuations of the system and provide other assistance to the Board as deemed necessary;
 - (q) select one or more custodian banks to provide custodial services for COAERS assets;
 - (r) be authorized to retain the services of one or more investment managers to invest and manage the assets of the system;
 - (s) be authorized to select and evaluate one or more investment consultants to provide such expert advice and assistance to the Board as the Board deems necessary to exercise its investment and trust administration responsibilities;
 - (t) be authorized to select and evaluate legal counsel to advise, consult, assist, and represent the Board with respect to any legal matter, issue, cause, or claim that comes before the Board or may affect the operation of the system;
 - (u) be authorized to select and evaluate other professional service providers such as auditors and medical review physicians;
 - (v) approve all contracts and engagement letters for professional service providers;
 - (w) assume responsibility for overall Board evaluation;
 - (x) delegate to the executive director the responsibility for administrative functions; and
 - (y) perform such other duties and responsibilities and exercise such authority provided for in the Act and applicable state and federal law.

1.8 Trustee Responsibilities. Individual trustees provide leadership and

guidance by working together with other trustees to fulfill the mission of COAERS. Trustees shall:

- (a) devote the time required to fulfill the duties of a Board Trustee;
- (b) exercise reasonable judgment in all matters before the Board;
- (c) acquire and maintain the knowledge required to effectively evaluate those to whom duties are delegated;
- (d) avoid conflicts of interest and appearances of impropriety;
- (e) agree to comply with the terms of COAERS' Code of Ethics;
- (f) complete COAERS' Financial Disclosure/Conflict of Interest Affidavit;
- (g) follow the provisions of the Act and maintain confidentiality as required;
- (h) refer proposals or other communications regarding potential or existing investments or other contracts directly to the Executive Director;
- (i) comply with the requirements for training with respect to the Open Meetings and Public Information Act;
- (j) comply with state minimum education requirements;
- (k) conform to the Board's policies regarding governance, prudence, ethics, conflicts of interest, education, and travel;
- (l) avoid becoming involved in operational management except as requested by the Executive Director;
- (m) avoid campaigning or public endorsement of any City of Austin Employees' Retirement System's proposed legislative issues, other than supporting Board approved actions and/or recommendations for changes; and
- (n) assume responsibility for self-evaluation.

1.9 Board Travel.

1.9.1 Members of the Board shall be reimbursed for allowable travel expenses as specified by Board policy.

1.9.2 Each Board member will receive, through the budget process, reimbursement of allowable Board travel expenses to attend conferences and other educational activities meeting the following criteria:

- (a) The purpose of the expense is related to the business of COAERS and the Board;
- (b) Attendance at the function will benefit the Board or a Board member in the exercise of COAERS responsibilities; and
- (c) All trustees would be eligible to participate in the function.

1.9.3 Travel allocations are not compensation, nor are they in the nature of an allowance paid regardless of whether travel expenses are incurred.

1.10 Board Education.

- 1.10.1** Each Board member shall comply with the minimum education requirements established by the State of Texas and with approved Board policies.
- 1.10.2** Trustees are encouraged to attend workshops and training sessions on such topics as fiduciary duties, actuarial matters, risk management, governance, benefits administration, ethics, investments, pension accounting, legal, and regulatory issues, which may enable the Board member to better fulfill trustee responsibilities to the system.

ARTICLE 2

Meetings of the Board

2.1 Meetings of the Board.

- 21.1** The Board shall meet as necessary to carry out its duties under the Act. The dates for regular meetings will be published annually in advance of the first regular meeting of each year or as soon thereafter as practicable. When necessary, and in addition to the provisions of this section of this article, the Board may add or cancel a regular meeting or change the date, time, or location of a regular meeting by call of the Chair, or by call of at least four members, or by action of the Board.
- 21.2** Special meetings of the Board may be held either upon the call of the chair of the Board or the call of at least four members of the Board, or upon action of the Board. A call by the chair or by other members of the Board must be communicated to the executive director within sufficient time to permit posting of the meeting as required by law. The call or action of the Board, as applicable, shall specify the date of each special meeting and may specify the time and place for each special meeting.
- 21.3** Meetings of the Board shall be held at a place designated by the agenda of each Board meeting, except as may be otherwise authorized by TOMA in the event of a catastrophe that prevents convening the meeting at the location stated in the agenda.⁶
- 21.4** Regular and special meetings shall begin at the time the chair calls the meeting to order; provided that the meeting shall be called to order no earlier than the time set forth in the agenda.
- 21.5** Emergency meetings may be called or emergency additions added to an agenda less than seventy-two (72) hours before a meeting in the same manner as special meetings, provided that the reason for calling

⁶ Section 551.0411, Texas Government Code.

the meeting qualifies as an emergency under the TOMA.⁷ The Board member who initiates the call for an emergency meeting shall provide the executive director with the reason that an emergency meeting or emergency addition to an agenda is requested. The executive director shall consult with the general counsel to confirm whether the reason qualifies as an emergency under the TOMA. The agenda for an emergency meeting or containing an emergency addition shall include language identifying the reason for the emergency meeting or emergency addition as required by TOMA.

21.6 In addition to the provisions of subsection 2.1.3 of this article, a special or emergency meeting of the Board may be canceled or rescheduled, or the location of the meeting changed, only by action of the Board, by a call of at least four members of the Board, or by call of the Chair and the Vice Chair, communicated to the executive director within sufficient time for COAERS to comply with all posting requirements for the meeting. Unless a time has been specified in the call or action of the Board rescheduling the meeting, the chair may set the time of a rescheduled meeting, though any such time must meet all posting requirements of applicable law.

21.7 If the Chair is not present at the physical location of the Board meeting, the Vice Chair shall serve as the presiding officer. If both the Board Chair and the Vice Chair are not present at the physical meeting location, the member of the Board with the longest service on the Board (considering all Board service), as certified by the Executive Director, who is present at the physical meeting shall serve as the presiding officer. In the event there are two or more members with equal length of service present at the physical meeting location, the presiding officer shall be the Trustee designated by agreement of the members present at the physical meeting location or by drawing lots.

2.2 Public Comment at Meetings.

221 The Board will allow reasonable opportunity for public comment to the Board on any issue under the jurisdiction of the Board. The chair may determine the total time to allot to public comments at a meeting of the Board.

2.3 Meeting Agendas.

231 The agenda for each Board meeting shall be set by the chair of the Board and when appropriate other Board members in consultation with the executive director. The executive director shall prepare and distribute to the Board the agenda and relevant written materials.

⁷ Section 551.045, Texas Government Code.

- 232** Items may be submitted for inclusion on the agenda of any Board meeting by any Board member or by the executive director prior to posting. The executive director shall determine the initial order of the agenda items prior to posting. Board members desiring to add an agenda item shall submit it to the executive director by 5:00 p.m. not later than the tenth COAERS business day before the meeting.
- 233** Agenda items may be added to a posted agenda by the chair, or by the executive director or by written request of any Board member with the consent of the chair, provided that the proposed addition is submitted to the executive director in time to post the amendment to the agenda in compliance with the TOMA. If the item is requested to be added less than 72 hours before a meeting, the request to add the item must include a valid reason for the emergency that allows posting less than 72 hours before the meeting under TOMA, as determined by the executive director in consultation with the general counsel, and allowed by the Chair.

2.4 Notice of Meetings. The executive director will cause meeting notices to be posted in compliance with these Bylaws and the TOMA.

2.5 Board Attendance. Trustees shall attend Board meetings to comply with or exceed the requirements of the Act⁸, which states that any Trustee who is absent from four consecutive meetings of the Board shall be removed from the Board and replaced.

2.6 Auxiliary Aids or Services at Meetings. Persons who do not speak English as their primary language or persons with disabilities may request auxiliary aids or services to be provided at a meeting, such as language interpreters or interpreters for persons who are deaf or hearing impaired, or readers or large print or Braille texts for persons who are visually impaired. If the request is made to the executive director with adequate advance notice before the meeting, the executive director shall cause reasonable accommodations to be provided to persons with disabilities to the extent required by law and may exercise discretion to determine any other accommodations to be provided.

2.7 Procedure.

- 27.1** A quorum of the Board is six trustees. A quorum is required for the board to conduct business. A vote of six members of the Board is required for action or decision by the Board.⁹ Abstentions are not counted in determining the outcome of a vote.
- 27.2** The most recent edition of *Robert's Rules of Order Newly Revised*,

⁸ Section 4(q) of the Act.

⁹ Ibid.

when not in conflict with other Board-adopted rules of procedure, these Bylaws, or applicable law, shall generally guide the rules of parliamentary procedure and order for the Board and its committees. The COAERS general counsel shall assist and advise the chair of the Board or of a committee regarding interpretation and application of the rules of parliamentary procedure. The failure of the Chairperson and/or the Board to follow Robert's Rules of Order shall not create any right or violate any right of any Board Trustee, third party, member, person or citizen, or create or give rise to any due process claim for or on behalf of any such Board Trustee, third party, member, person or citizen.

- 273** The minutes of the Board shall contain each subject of discussion and deliberation, all motions, seconds, if any, and the vote, if any, on such motions. The minutes shall reflect the start and end times of meetings, and the time Trustees arrive and depart during the meeting. A certified agenda shall be kept for executive sessions in accordance with TOMA. Each Board member shall be given an opportunity to record in the minutes his or her vote on a motion and to have included in the minutes the reasons stated in the meeting for his or her vote.

ARTICLE 3 Committees

3.1 Standing Committees. In accordance with section 1.7 of these Bylaws, the Board may establish standing committees by amendment of this article. A quorum of a standing committee shall be a majority of the members of the committee. Any committee may convene in joint session with any other committee.

- 3.1.1 Audit and Risk Committee.** The Board shall have an Audit and Risk Committee, which shall meet in accordance with its charter or at the call of its chair. The Committee shall assist the Board in fulfilling its fiduciary oversight responsibilities for financial reporting, engagements with external auditors, risk management oversight, and processes for monitoring compliance with laws and regulations.
- 3.1.2 Benefits and Services Committee.** The Board shall have a Benefits and Services Committee, which shall meet in accordance with its charter or at the call of its chair. The purpose of the committee is to review, research, and make recommendations to the Board concerning benefits administration including the disability retirement program, plan provision interpretation and improvements. The Committee reviews and makes recommendations on disability applications to the Board; and approves the continuation of disability retirement benefits.

- 3.1.3 Governance and Human Resources Committee.** The Board shall have a Governance and Human Resources Committee, which shall meet in accordance with its charter or at the call of its chair to consider and recommend policies and practices regarding Board governance and represent the Board on personnel issues in accordance with approved personnel policy.
- 3.1.4 Legislative Committee.** The Board shall have a Legislative Committee, which shall meet in accordance with its charter or at the call of its chair. The purpose of the committee is to monitor, research, and make recommendations to the Board regarding federal, state, and local legislative matters.
- 3.1.5 Investment Committee.** The Board shall have an Investment Committee, which shall meet in accordance with its charter or at the call of its chair to assist the Board in fulfilling its fiduciary oversight responsibility for the investment assets of the System. The Committee is responsible for formulating the overall investment policies of the System, subject to approval by the Board, and establishing investment guidelines in furtherance of those policies for recommendation to the Board for adoption. The Committee monitors management of the portfolio for compliance with the investment policies and guidelines and for meeting performance objectives over time.
- 3.1.6 Policy Committee.** The Board shall have a Policy Committee, which shall meet in accordance with its charter or at the call of its chair. The purpose of the Policy Committee is to consider and recommend general policy matters; monitor the implementation, compliance, and review of Board policies and guidelines.

3.2 Special Committees. Special committees other than standing committees established in section 3.1 may be created by action of the Board, which shall establish the purpose and responsibilities of the committee and may establish the term for which it shall exist.

3.3 Composition of Committees.

- 3.3.1** A committee will be composed of an odd number and at least five members of the Board unless otherwise provided by action of the Board or these Bylaws.
- 3.3.2** The chair of the Board annually shall appoint, in consultation with the vice-chair, committee members for the remainder of the calendar year as soon as may be practicable after the Board's first regular meeting of the year. The chair of the Board may terminate or change committee assignments in consultation with the vice-chair.
- 3.3.3** In accordance with the Act¹⁰, each Trustee will be required to serve on at least one Committee of the Board. In making appointments, the

¹⁰ Section 4(q) of the Act.

chair of the Board may consider the individual experience and rotation of appointments for professional development of Trustees. Trustees may request appointment to Committees in which they are interested.

- 3.3.4** The chair of the Board shall designate the chair of each committee. Committee chairs serve as chair at the pleasure of the chair of the Board.
- 3.3.5** The Policy Committee shall be composed of the chairs of all standing Board Committees. A Committee chair may appoint another committee member to serve on the Policy Committee in their place.
- 3.3.6** The chair of the Board may appoint an interim successor to the committee for a member whose Board term has expired or otherwise terminated, who is holding over as a Trustee, but who has resigned his or her committee position. Committee members hold over until a successor is appointed.

3.4 Committee Agendas. The agenda for each committee meeting shall be set in a manner similar to a Board meeting agenda, but with the committee chair and members having the same authority with regard to calling committee meetings and adding items to the committee agenda of committee meetings that the Board chair and members have with regard to the Board agenda of Board meetings.

3.5 Committee Attendance.

- 3.5.1** Individual trustees shall attend assigned Committee meetings. Failure to consistently attend assigned Committee meetings may result in removal from the Committee by the chair of the Board.
- 3.5.2** Any member of the Board may attend a meeting of a committee of which he or she is not a member but shall not vote. Because the attendance of six or more trustees at a Board committee meeting constitutes a quorum of the full Board, public notice of a committee meeting shall also be posted as a Board meeting under the TOMA in anticipation of a quorum of the full Board possibly attending the meeting. Also in compliance with the Open Meetings Act, a record shall be kept of the attendance of a quorum of the full Board at a Board committee meeting. The attendance of a quorum of the full Board at a Board committee meeting is not a regular, special, or emergency Board meeting under Article 2 of these Bylaws, relating to meetings of the Board. In addition, the attendance of a quorum of the full Board at a Board committee meeting is not a regularly scheduled Board meeting under the Act relating to grounds for removal of a trustee because of absence from Board meetings.

3.6 Committee Chair Responsibilities. The chair of a Committee shall:

- (a) provide leadership to the assigned Committee;
- (b) approve the schedule of Committee meetings;
- (c) approve Committee meeting agendas; if the Committee Chair is

- unavailable the Board Chair, then the Vice-Chair approves the agenda;
- (d) schedule appropriate minutes of the Committee meetings for approval, recording, and publication;
 - (e) approve Committee minutes for inclusion in Committee materials;
 - (f) meet with staff to discuss performance, contract provisions, and working relationships of professional service providers, and shall report findings and/or recommendations to the Committee; and
 - (g) act as a liaison between the Committee and the Board.

3.7 Procedure.

- 3.7.1** A quorum of a Committee is a majority of the number of trustees of the Committee. A quorum is required for the Committee to conduct business. A seconded motion of a Committee must be approved by a majority of the members of the Committee present and voting; provided that not less than a majority of the minimum number of members needed to constitute a quorum must vote in favor of the action or decision for it to be recommended to the Board. Abstentions are not counted in determining the outcome of a vote but are counted in determining a quorum. All Trustees are encouraged to attend and participate in all Committee meetings since extensive detail is discussed at the Committee level in consideration of any recommendations for Board action; however, only Committee Members may vote on actions taken by a Committee.
- 3.7.2** Unless specifically provided by Board action, Committee authority for action is limited to making recommendations to the Board.
- 3.7.3** If the Committee Chair is not present at the physical location of the Committee meeting, the Committee meeting, the Board Chair shall serve as the presiding officer. If both the Committee Chair and the Board Chair are not present at the physical meeting location, the Board Vice-Chair shall serve as the presiding officer. If the Committee Chair, the Board Chair, and the Board Vice-Chair are not present at the physical meeting location, the Trustee with the longest service on the Board (considering all Board Service), as certified by the Executive Director, present at the physical meeting location shall serve as the presiding officer. In the event there are two or more members with equal length of service present at the physical meeting location, the presiding officer shall be the Trustee designated by agreement of the members present at the physical meeting location or by drawing lots.
- 3.7.4** The conduct for each committee meeting shall be in a manner similar to a Board meeting as specified in Article 2.7.2.
- 3.7.5** The minutes of the Committee shall be set in a manner similar to Board meeting minutes, but with the committee chair and members having

the same authority with regard to the minutes of committee meetings that the Board chair and members have with regard to the minutes of Board meetings.

ARTICLE 4

Executive Director

4.1 Responsibilities of Executive Director. The Board shall employ an executive director as required by law, with such duties as may be required by law of the chief executive officer and chief administrative employee of COAERS and with such other duties as may be established by the Board in its policies, resolutions, and other actions. In these Bylaws, the term “executive director” means the person appointed by the Board pursuant to Section 4(p) of the Act and these Bylaws.

4.1.1 With respect to the operations of the Board itself the executive director shall:

- (a) make preparations for all meetings of the Board and its committees;
- (b) under the direction of the chair of the Board or a relevant committee, prepare and distribute the agendas and appropriate documentation for all meetings of the Board and its committees;
- (c) under the direction of the chair of the Board or of a relevant committee, post notices of all meetings and the subject matter thereof as may be required by law;
- (d) cause the secretary to the Board to record, prepare, and index the official minutes of the Board and its committees;
- (e) file and preserve all official documents, correspondence, and proceedings of the Board and its committees;
- (f) maintain the official copy of these Bylaws;
- (g) as directed by the Board, establish routine reporting mechanisms and procedures to the Board and prepare special reports to the Board; and
- (h) carry out other policies adopted by the Board.

4.1.2 The executive director is the chief executive officer of COAERS and is responsible to the Board for the general administration of COAERS in accordance with relevant state laws and policies adopted by the Board. The executive director shall:

- (a) manage the daily operations of COAERS as its chief executive officer;
- (b) assume managerial responsibility and leadership for the planning, operation, supervision, and evaluation of programs and services;
- (c) assume authority and responsibility for the selection, job description, assignment of duties, performance evaluation,

- promotion, compensation, and discipline, including dismissal of all COAERS personnel;
- (d) prepare and submit an annual administrative operating budget for consideration by the Board;
 - (e) administer member and personnel disputes in accordance with Board policy and the Act;
 - (f) prepare recommendations for policies to be considered by the Board and oversee the implementation of adopted policies;
 - (g) organize COAERS to accommodate its mission; and
 - (h) perform such other duties assigned by the Board.

4.2 Miscellaneous Duties.

- 4.2.1** The executive director shall provide to members of the Board, as often as necessary, information regarding their qualification for office, including the Act Sections 4(b), 4(q), and 4(dd), and their responsibilities under applicable laws relating to standards of conduct for local government officers, and any amended, new, or successor statutes.
- 4.2.2** The executive director shall provide to COAERS employees at the time of hiring information regarding their qualification for employment, including Texas Government Code Sections 573.001-.084 and their responsibilities under applicable laws relating to standards of conduct for public employees as may be applicable to those employees, including Texas Local Government Code Chapters 171 and 176, and Texas Penal Code Sections 32.43, 32.45, 36.02, 36.08, 36.10, 39.01, and 39.03, and any amended, new, or successor statutes.
- 4.2.3** In accordance with Sections 4(q) and 4(dd) of the Act, the executive director shall notify the chair of the Board if he or she has knowledge that a potential ground for removal of a trustee exists. The executive director shall notify the vice chair if the trustee in consideration for potential grounds for removal is the chair.

4.3 Absence of Executive Director. If the executive director will be away from the COAERS headquarters for a brief period, as contemplated by section 4.4 of this article, the executive director may designate any senior management staff member to act in his or her stead generally or for a particular purpose. For unplanned absences short or long term, or in the event of a permanent change in the executive director's position, the Board will follow the guidelines established in the Board Approved Emergency Succession Policy.

4.4 Delegating Responsibilities. The executive director shall designate an employee of COAERS to serve as secretary to the Board to assist in the execution of duties enumerated in subsection 4.1.1 of this article and may assign other

employees of COAERS as necessary to assist in carrying out these and other duties.

4.5 Performance of the Executive Director. The Board shall evaluate the performance of the executive director annually. The evaluation shall consist of methods developed by the Board.

ARTICLE 5

Miscellaneous Organizational Provisions

5.1 Administration of COAERS. The administration of COAERS is governed by these Bylaws, Board policies, and applicable state and federal law. In the event of a conflict between these Bylaws and applicable state or federal law, the applicable state or federal law shall govern to the extent necessary to resolve the conflict.

5.2 Investments of COAERS. COAERS investments are authorized to be made only in accordance with policies adopted by the Board and applicable state, federal, and foreign law.

5.3 Custody of COAERS Trust Assets. COAERS trust assets shall be entrusted to one or more custodians only in accordance with policies and other actions of the Board and applicable state law. The Board shall select the custodian or custodians to hold COAERS trust assets.

5.4 Budgets and Fiscal Year. The budgets of the pension trust fund and any other trust funds administered by COAERS are adopted by the Board and may be amended by the Board in subsequent meetings. The COAERS fiscal year shall begin January 1 and shall end the following December 31.

5.5 Title to and Ownership of Assets. Accounts or assets of COAERS may be held in the name of COAERS, a nominee, or other agent in accordance with state law. The assets of COAERS shall not be considered at any time to be assets of the state, the City of Austin, or any employer of COAERS members but are to be held in trust for the exclusive benefit of COAERS members, annuitants, beneficiaries, or other trust participants.

5.6 Authority to Act for COAERS. The Board delegates authority for the following administrative matters:

- (a) contracts for the purchase of goods and services, to the executive director or his designee in accordance with the budget, and contracts for goods and services that are not provided for in the budget that do not exceed, in the aggregate, \$50,000;
- (b) release of assets held in the name of COAERS, its nominees, or other agents, in accordance with actions of the Board;
- (c) execution of vouchers for payment of COAERS funds, in accordance

- with actions of the Board; and
- (d) initiation, defense, and settlement of lawsuits and other claims, to the executive director or his designee, in accordance with applicable actions of the Board.

5.7 Fixed Asset and Non-Capitalized Equipment Disposal. The Executive Director may declare fixed system assets and non-capitalized equipment as surplus items due to obsolescence and/or having de minimis value to the system and establish standard operation procedures (the “Asset Disposal SOP”) for disposal of such assets. The assets shall be disposed of in accordance with the Asset Disposal SOP. The results of disposal will be reported to the Board.

5.8 Personnel Policies. COAERS personnel policies shall be issued and disseminated to all employees by the executive director and revised from time to time, in compliance with Board policies and state law. COAERS is an at-will employer.

ARTICLE 6

Amendment of Bylaws

6.1 Amendment of Bylaws. These Bylaws may be amended only by a vote of at least six Trustees of the Board at any duly posted meeting of the Board for which notice of consideration of the proposed amendment has been properly given under the Open Meetings Act.

6.2 Review of Bylaws. These Bylaws shall be reviewed by the Governance and Human Resources Committee at least every three years and recommend to the Board any amendments, as necessary.



Policy to be repealed

The following policy is being recommended for repeal.



Board Approved Policy

Subject: Appointments to Fill Unexpired Terms

Review Committee: Policy

Date Implemented: February 24, 1998

Date Updated: September 23, 2003
May 23, 2000
July 24, 2001

Signature of Chairperson: _____
Cathy Rodgers

**City of Austin Employees' Retirement System
Board Approved Policy
"Appointments to Fill Unexpired Terms"**

I. PURPOSE AND SCOPE

This Policy guides the Board of Trustees of the City of Austin Employees' Retirement System (COA ERS) in making appointments to fill unexpired terms of Active-Contributory or Retired elected Board Members whose service is terminated by death, disability, resignation or removal, and in the case of Active-Contributory Members, whose service is terminated by termination of employment or retirement.

Active-Contributory elected Members whose service is terminated by termination of employment or retirement shall continue to serve on the Board of Trustees until the next available election date or the Board's appointment of a new Member to serve until the next available regular election date. If the unexpired term of any terminating Board member is less than one year, or if a regular election is scheduled to be held within approximately one year, the Board may appoint an active or retired Member to serve until the next regular election. The purpose of such an appointment is to minimize both the time and expense spent on elections and the length of service of Trustees appointed to fill an unexpired term.

If the unexpired term is one year or longer, the Board will hold a special election to fill the position (refer to Board Approved Policy E-1 "Election Procedures for Active-Contributory and Retired Board Members").

II. RESPONSIBILITIES

- A. **COA ERS Board of Trustees:** Shall assign responsibility to the Policy Committee or to an ad-hoc sub-Committee of the Board to review candidates and their qualifications for the unexpired term. Shall receive a recommendation from the assigned Committee and appoint a Member to serve the unexpired term.
- B. **Policy Committee or Ad-hoc Committee:** Shall review applications of Active-Contributory or Retired Members who seek appointment to fill the unexpired term. May conduct interviews of candidates to finalize decision of Committee. Shall make a recommendation to the Board for the appointment.
- C. **Executive Director or designee:** Shall post notice of the unexpired term in the next newsletter for either Active-Contributory or Retired

Members, in accordance with the vacancy to be filled. Receives applications from Members seeking appointment and submits to Committee for review and recommendation.

III. GUIDELINES

- A. Newsletter posting of unexpired term shall include a description of Board Trustee responsibilities, time commitments, significance of fiduciary role, code of ethics, oath of office, and financial disclosure/conflict of interest requirements. Qualifications required under Article 6243n, Tex. Rev. Civ. Stat. (the "Act") shall be listed.
- B. Interested Members shall have thirty (30) days from mailing of newsletter to submit an application and resume to the Retirement Office for consideration. An application packet consisting of the "Application for Board of Trustees – Board Appointed Citizen Member Place" (Attachment A) or "Application for Board of Trustees – Board Appointed Active-Contributory and Retired Board Member Places" (Attachment B), COA ERS Mission Statement, "Board Trustee Position Description" (Attachment C), "Code of Ethics" (refer to Board Approved Policy C-3), and "Annual Financial Disclosure/Conflict of Interest Affidavit" (Refer to Board Approved Policy D-2 "Duties and Responsibilities of Trustees, Officers, and Committee Chairs") may be obtained from the Retirement Office directly or from the Retirement Office's website.
- C. Committee Members assigned to review the applications received shall meet as soon as practical to review applicants, interview if necessary, and determine candidate to recommend to the Board. Committee will submit all applicants' names to the Board with their recommendation.
- D. At the next Board meeting following decision of the Committee, Board will review recommendation and make appointment of a candidate to the unexpired term. Members must be sworn in and take an "Oath of Office" (Attachment D); Members must also sign a notarized "Pre-Oath of Office Statement" which may be completed outside of the Board meeting (Attachment E).

IV. ATTACHMENTS

- A. Application For Board of Trustees – Board Appointed Citizen Member Place
- B. Application for Board of Trustees – Board Appointed Active-Contributory and Retired Board Member Places
- C. Board Trustee Position Description
- D. Oath of Office

E. Pre-Oath of Office Statement

**Attachment A – Application for Board of Trustees
– Board Appointed Citizen Member Place**

Board Approved Policy: A –1

Subject: Appointments to Fill Unexpired Terms

**CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
APPLICATION FOR BOARD OF TRUSTEES
BOARD APPOINTED CITIZEN MEMBER PLACE**

Please Print or Type. NOTE: Completed application along with Personal Resume must be submitted to the Retirement Office, 418 E. Highland Mall Blvd., Austin, TX 78752-3720 by the established deadline.

Call the Retirement Office at (512) 458-2551 if you have any questions.

Applicant Information

Name: _____

Address: _____

City/State: _____ Zip Code: _____

Telephone: (____) _____ Message #: (____) _____

How did you hear about us/this opening? _____

Are you currently a member of the COA ERS? Yes No

Employer: _____

Occupation/Position: _____

Are you or can you be qualified to vote in a City of Austin election? Yes No

Have you lived in the City of Austin for at least 5 years? Yes No

Do you or does your employer have any business dealings with the City of Austin or the COA ERS? Yes No

Do you agree to abide by the City of Austin Employees' Retirement System's "Code of Ethics"? Yes No

Do you agree to complete an "Annual Financial Disclosure/Conflict of Interest Affidavit?"

Yes No

Relevant experience/qualifications: _____

Considering present responsibilities and activities, description of how regular Board meetings and Special Committee meetings would fit into present routine: _____

State reason for wanting to serve on the Board of Trustees:

Applicant's Signature

Date

**Attachment B – Application for Board of Trustees
– Board Appointed Active-Contributory and Retired Board Member Places**

Board Approved Policy: A –1

Subject: Appointments to Fill Unexpired Terms

**CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
APPLICATION FOR BOARD OF TRUSTEES
BOARD APPOINTED ACTIVE-CONTRIBUTORY AND RETIRED
BOARD MEMBER PLACES**

Please Print or Type. NOTE: Completed application along with Personal Resume must be submitted to the Retirement Office, 418 E. Highland Mall Blvd., Austin, TX 78752-3720 by the established deadline.

Call the Retirement Office at (512) 458-2551 if you have any questions.

Applicant Information

Name: _____

Address: _____

City/State: _____ Zip Code: _____

Telephone: (____) _____ Message #: (____) _____

How did you hear about us/this opening? _____

COA ERS Membership Status: Active-Contributory Retired

Department Employed/Retired

From: _____

Length of City

Employment: _____

Current or Former Job Title and Brief Description of

Responsibilities: _____

Do you agree to abide by the City of Austin Employees' Retirement System's "Code of Ethics"? Yes No

Do you agree to complete an "Annual Financial Disclosure/Conflict of Interest Affidavit?"

Yes No

Relevant

experience/qualifications: _____

Considering present responsibilities and activities, description of how regular Board meetings and Special Committee meetings would fit into present routine: _____

State reason for wanting to serve on the Board of Trustees (**100 WORD LIMIT- Attach additional sheet if necessary**):

Applicant's Signature

Date

<i>For COA ERS USE:</i>
<i>APPLICANT QUALIFICATIONS:</i>
<i>COA ERS Membership Status:</i> <input type="checkbox"/> <i>Active-Contributory</i> <input type="checkbox"/> <i>Retired</i>
<i>Department</i>
<i>Employed:</i> _____

Attachment C – Board Trustee Position Description

Board Approved Policy: A – 1

Subject: Appointments to Fill Unexpired Terms

Board Trustee Position Description

- Accepts fiduciary responsibility of governance and oversight in accordance with law.
- Provides leadership to the City of Austin Employees' Retirement System (COA ERS) by working with other Board Trustees to set the strategic direction for the Board and management staff.
- Adopts and consistently follows policies and procedures to carry out COA ERS' responsibilities.
- Attends scheduled Board and Committee meetings to comply with or exceed requirements of the Act.
- Assumes responsibility for self evaluation, overall Board evaluation, and the performance evaluation of the Pension Director.
- Acquires and maintains the knowledge required to effectively evaluate those to whom duties are delegated.
- Delegates as necessary and appropriate to staff and outside service providers having expertise in specific areas.
- Avoids conflicts of interest and appearances of impropriety.
- Follows the provisions of the Act and maintains confidentiality as required.
- Ensures the integrity of COA ERS' financial controls and reporting.
- Approves the annual operating budget and material transactions which are outside the ordinary course of business.
- Maintains communication with the Pension Director and other Trustees.
- Devotes the time required to fulfill the duties of a Board Trustee.
- Submits meeting agenda items for Board meetings to Board Chairperson and/or Pension Director and for Committee meetings to Committee Chair and/or Pension Director.
- Exercises reasonable judgment in all matters before the Board.
- Generally follows Robert's Rules of Order when participating in Board and/or Committee meetings. The Chairperson and the Board shall generally conduct

each regular and special meeting of the Board in compliance with Robert's Rules of Order; provided that the failure of the Chairperson and/or the Board to follow Robert's Rules of Order shall not create any right or violate any right of any Board Trustee, third party, member, person or citizen, or create or give rise to any due process claim for or on behalf of any such Board Trustee, third party, member, person or citizen. This provision may be enforced exclusively by the Chairperson and/or majority vote of the Board.

- Board Trustees have no obligation to meet with or communicate with advisors, managers, consultants, contractors, or vendors. Any contacts and communications between individual Board Trustees and advisors, managers, consultants, contractors, and vendors to COA ERS shall be at the option, discretion, and judgment of each Board Trustee. Individual Board Trustees shall avoid favoritism, conflicts, and disclosure of privileged information and at all times individual Board Trustees shall act in the best interests of COA ERS consistent with his or her fiduciary duty.
- Individual Board Trustees are not to become involved in operational management except as requested by the Pension Director.
- Individual Board Trustees are encouraged to avoid campaigning or public endorsement of any City of Austin Employees' Retirement System's proposed legislative issues, other than supporting Board approved actions and/or recommendations for changes.
- Individual Board Trustees are encouraged to avoid campaigning or making either written or oral public endorsements for any candidate in any election of Active-Contributory or Retired Members to the Board of Trustees. Board Trustees may (and should) respond to questions about the candidates as long as the response is factual and could not be construed as an endorsement.
- Individual Board Trustees shall refer proposals or other communications regarding potential or existing investments or other contracts directly to the Pension Director.
- Whenever the Board or the Pension Director is involved in the selection or employment of advisors, managers, consultants, contractors, and vendors, individual Board Trustees shall not communicate with regard to that contract with any person who may be under consideration in such a selection or hiring process prior to the actual selection or hiring.
- Individual Board Trustees shall ensure their activities conform to the Board's policies regarding governance, prudence, ethics, conflicts of interest, incompatible activities, insider trading, and travel.

Attachment D– Oath of Office

Board Approved Policy: A –1

Subject: Appointments to Fill Unexpired Terms

In the name and by the authority of

THE STATE OF TEXAS

OATH OF OFFICE

I, _____, do solemnly swear (or affirm) that I will faithfully execute the duties of Trustee and Member of the Board of Trustees of the City of Austin Employees' Retirement System of the State of Texas, and will to the best of my ability, preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

[Signature]

SWORN TO BEFORE ME BY _____ on this _____ day of _____, 2005 A.D.

Notary Public – State of Texas

Attachment E– Pre-Oath of Office Statement

Board Approved Policy: A –1

Subject: Appointments to Fill Unexpired Terms

In the name and by the authority of

THE STATE OF TEXAS

PRE-OATH OF OFFICE STATEMENT

I, _____, do solemnly swear (or affirm) that I have not directly or indirectly paid, offered, or promised to pay, contributed, or promised to contribute any money, or valuable thing, or promised any public office or employment, as a reward to secure my appointment or confirmation thereof, so help me God.

[Signature]

SWORN TO BEFORE ME BY _____ on this _____ day of _____, 2001 A.D.

Notary Public – State of Texas

7. Discuss and consider Election for Active-Contributory and Retired Board Members policy

Presented by Brad Sinclair



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 7:

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.

RECOMMENDATION FOR BOARD ACTION

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

ITEM SUMMARY

COAERS statutes require the Board to review and approve written procedures for the election each year that 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.

This year, an election will be held for Retired Member Place 10 on the COAERS Board of Trustees, currently held by Mr. Mike Benson. The election will be held in the fall of 2024 with ballots distributed in October and the election concluding December 2, 2024.

Page #	Edit	Explanation
Page 3	Removing language about volunteers	Prior to 2020, COAERS would count ballots by hand using Committee members and staff. Statute sets the number of active election committee members at exactly five and retiree election committee members at exactly seven. Occasionally, more members would volunteer for the election committee than were necessary. Instead of turning members away, COAERS designated them as volunteers to help count the ballots. In 2020, COAERS contracted with a third-party election company to count ballots, and it was no longer necessary to continue the practice of designated interested members as volunteers. The success in using a third-party has eliminated the need for volunteers.
Page 4	Removing language about volunteers	See above.
Page 5	Clarification	Adding language to include the fact that survivors designated or receiving benefits are also not eligible to vote.
Page 6	Clarification	Adding language clarifying eligibility for serving on the election committee.



COMMITTEE MEETING Agenda Item Information Sheet

Page #	Edit	Explanation
Page 6	Clarification	Clarifying that the Board authorizes the use of a third party to conduct the election in the annual budget.
Page 8	Removing language about volunteers	See above.

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”*.

ATTACHMENT

1. Proposed Election for Active-Contributory and Retired Board Members



Board Approved Policy

Subject: Election for Active-Contributory and Retired Board Members

Review Committee: Governance and HR Committee

Date Implemented: July 23, 1998

Date Updated: ~~June 29, 2023~~ March 28, 2024

Signature of Chairperson: _____

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 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 Designee
Place Three	Council Appointed Citizen Member
Place Four	Council Appointed Citizen Member
Place Five	Board Appointed Citizen Member
Place Six	Director of Finance of the City or Designee
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 Candidate Training Workshop. The Candidate 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 Candidate 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 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, 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. Survivors and Beneficiaries (designated or receiving benefits) 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. Committee members for Active Member Trustee elections (places seven, eight, and nine) must be active members at the time they are 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 in its annual budget, Staff and the Committee will work with the third-party to conduct the election including, but not limited to, the 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 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 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 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 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 requirement 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 do not include interactions between two or more parties in their capacity as City of Austin employees.
 4. Beginning with the deadline for submission of candidate 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.

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

Presented by Brad Sinclair



COMMITTEE MEETING Agenda Item Information Sheet

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.

RECOMMENDATION FOR COMMITTEE ACTION

Trustees will review key meeting takeaways and delineate next steps.

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.