




August 2024 Governance and HR Committee



Schedule Friday, August 30, 2024 10:45 AM — 11:00 AM CDT
Venue 4700 Mueller Blvd., Austin, TX 78723
Organizer Sarah McCleary



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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 Board's Emergency Succession Policy in accordance with the Policy's review cycle.
2. The Committee will consider proposed revisions to the Board's Diversity Policy.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management**. 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 March 6, 2024
Governance and HR Committee minutes**
Presented by Brad Sinclair



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 4:

Consider approval of the March 6, 2024 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 March 6, 2024 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 March 6, 2024 Governance and HR Committee meeting



CITY OF AUSTIN
EMPLOYEES' RETIREMENT SYSTEM

MINUTES

GOVERNANCE and HR COMMITTEE
Public Meeting held in person and videoconference

Pursuant to Texas Govt. Code 551.127
4700 Mueller Blvd., Austin, TX 78723
March 6, 2024 11:15 a.m. CT

Committee Members

Present/ (Absent)

Brad Sinclair, Committee
Chair
Kelly Crook
(Yuejiao Liu)

* Present telephonically

† Present via
videoconference

Other Board Trustees

Present/ (Absent)

Michael Benson
Michael Granof
(Dick Lavine)
Chris Noak
Anthony B. Ross
(Leslie Pool)
(Diana Thomas)
(Ed Van Eenoo)

Guests

Paige Saenz, General
Counsel

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 11:46 p.m. The following Committee members were present in person: Sinclair and Crook.

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.

3 Receive public comments

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.

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

Committee Chair Sinclair asked Trustees to review the minutes. Ms. Kelly Crook moved to approve the November 9, 2023 Governance and HR Committee minutes as presented. Mr. Sinclair seconded, and the motion passed 2-0.

Mr. Benson and Mr. Granof arrived at 11:47 a.m.
Mr. Ross arrived at 11:48 a.m.

5 Review 2024 Governance and HR Committee Work Plan

Mr. Christopher Hanson presented the Governance and HR Committee Work Plan for 2024. Trustees discussed it and gave general approval.

6 Discuss and consider Board Bylaws and Appointments to Fill Unexpired Terms

Mr. Hanson presented a draft of revisions to the Board Bylaws needed to reflect the recently enacted pension legislation. He also suggested that the "Appointments to Fill Unexpired Terms" policy could be repealed, and language inserted into the Bylaws instead. Trustees discussed a request to include language regarding any Committee Chair who may not be able to serve on the Policy Committee as stated in the Bylaws, and the option of naming an alternate. Trustees directed Staff to work with General Counsel on proposed language and bring the proposed revision along with the other proposed revisions to the March 28 Board meeting for approval.

Ms. Crook moved to refer to the Board for approval the Board Bylaws as amended and to repeal the Appointments to Fill Unexpired Terms policy. Mr. Sinclair seconded and the motion passed 2-0.

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

Mr. Russell Nash presented the Election for Active-Contributory and Retired Board Members policy to the Committee for its annual review and noted the one substantive edit reflecting that with electronic voting, extra counting volunteers are no longer needed on the Election Committee. Ms. Crook moved to recommend to the Board for approval the Election for Active-Contributory and Retired Board Members policy as presented. Mr. Sinclair seconded, and the motion passed 2-0.

8 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 12:07 p.m.

5. Discuss and consider Emergency Succession Policy

Presented by Christopher Hanson



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 5: Discuss and consider Emergency Succession Policy

AGENDA ITEM OBJECTIVE

This agenda item is for the Committee to review the Emergency Succession Policy in accordance with its review cycle.

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends the Committee refer the Emergency Succession Policy to the Board for re-adoption.

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.**

ITEM SUMMARY

The Emergency Succession Policy was first approved in June 2021 and is scheduled to be reviewed annually. Staff has reviewed the Policy and has no recommended revisions.

ATTACHMENT

1. Draft Emergency Succession Policy



Board Approved Policy

Subject: Emergency Succession

Review Committee: Governance and HR Committee

Date Implemented: June 29, 2021

Date Updated: September ~~21~~19, 202~~4~~3

Signature of Chairperson: _____

Yuejiao Liu

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

I. PURPOSE AND SCOPE

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

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

II. PROCESSES AND RESPONSIBILITIES

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

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

In the event of an unplanned absence of the Executive Director, COAERS General Counsel is to immediately inform the Board Chair of the absence. The Board Chair shall temporarily designate a senior management member from Section III to perform such duties as are necessary for the administration of the System.

As soon as it is feasible, the Chair shall convene a meeting of the Board to designate a person succeeding the responsibilities and authority of the Executive Director on a temporary basis, known as the Acting Executive Director.

Authority and Compensation of the Acting Executive Director

The person appointed as Acting Executive Director shall have the full authority

for decision-making and independent action as the regular Executive Director.

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

Board Oversight

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

Communications Plan

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

Completion of Short-Term Emergency Succession Period

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

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

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

Completion of Long-Term Emergency Succession Period

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

C. In Event of a Permanent Change

A permanent change is one in which it is firmly determined that the Executive Director will not be returning to the position. If necessary, The Board Chair shall temporarily designate a senior management member from Section III to perform such duties as are necessary for the administration of the System.

As soon as it is feasible, the Chair should convene a meeting of the Board to designate a person succeeding to the responsibilities and authority of the executive director on an interim basis (“Interim Executive Director”). In addition, the Board of Trustees will appoint a Transition and Search Committee to plan and carry out a transition to a new permanent Executive Director. The Board will also consider the need for outside consulting assistance depending on the circumstances of the transition and the Board’s capacity to plan and manage the transition and search.

III. COAERS SENIOR MANAGEMENT

At the time this policy was approved, the positions of COAERS Senior Management are the following:

- Deputy Executive Director
- Chief Investment Officer
- Deputy Chief Investment Officer
- Chief Financial Officer
- Chief Information Officer
- Comptroller
- Benefits Manager
- Communications Director

IV. ONGOING REVIEW AND APPROVAL OF THIS POLICY

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

6. Discuss and consider Diversity Policy

Presented by Brad Sinclair



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 6: Discuss and consider Diversity Policy

AGENDA ITEM OBJECTIVE

This agenda item is for the Committee to review the Diversity Policy in accordance with its review cycle.

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends the Committee refer to the Board the adoption of the proposed revisions to the Diversity Policy.

ITEM SUMMARY

The Board's Diversity Policy is required to be reviewed annually by the Committee. Staff has reviewed the existing policy and proposes changing the review cycle of the Policy from annual to at least every three years.

RELEVANCE TO STRATEGIC PLAN

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

ATTACHMENT

1. Draft revision of the Board Diversity Policy



Board Approved Policy

Subject: Diversity

Review Committee: Governance and Human Resources

Date Implemented: June 29, 2021

Date Updated: September ~~21~~19, ~~2023~~2024

Signature of Chairperson: _____

Yuejiao Liu

**CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD APPROVED POLICY
DIVERSITY POLICY**

I. PURPOSE AND SCOPE

The City of Austin Employees' Retirement System ("COAERS" or "System") believes in diversity and values the benefits that diversity can bring to its Board of Trustees (the "Board"). Diversity promotes the inclusion of different perspectives and ideas, mitigates against groupthink, and ensures that the System benefits from all available talent. The promotion of a diverse Board makes prudent business sense and makes for better corporate governance.

The purpose of this policy is to help ensure that COAERS maintains a Board comprised of talented and dedicated trustees with a diverse mix of expertise, experience, skills, and backgrounds. The skills and backgrounds collectively represented on the Board should reflect the diverse nature of the communities it serves and the environment in which the System operates. For purposes of Board composition, diversity includes, but is not limited to, business experience, physical ability, age, gender, and ethnicity.

COAERS is committed to a merit-based system for Board composition within a diverse and inclusive culture which solicits multiple perspectives and views and is free of conscious or unconscious bias and discrimination. When assessing Board composition or identifying suitable candidates for nomination or re-election to the Board, the System will consider candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board.

II. RESPONSIBILITIES

- A. The Board of Trustees: The Board will periodically assess the expertise, experience, skills, and backgrounds of its Trustees considering the needs of the Board, including the extent to which the current composition of the Board reflects a diverse mix of knowledge, experience, skills, genders, and ethnic backgrounds.
- B. The Governance and Human Resources Committee: The Governance and Human Resources Committee ("the Committee") reviews and assesses Board composition on behalf of the Board, actively communicates the virtues and intent of this policy, and advocates for its full observance and adoption.
- In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity, including but not limited to those described above, to enable it to discharge its duties and responsibilities effectively.

- In preparation of upcoming Trustee elections and/or appointments, the Committee will work with all stakeholder constituencies and stakeholder groups, including the City, Nominations and Elections Committee, and COAERS Board to actively educate and inform them on the intentions of this Policy and encourage them to consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.
 - As part of the annual performance evaluation of the effectiveness of the Board, Committees, and individual Trustees, the Committee will consider the balance of skills, experience, independence, and knowledge of the System on the Board and the diversity representation of the Board, how the Board works together as a unit, and other factors relevant to its effectiveness.
 - The Committee will also proactively market and oversee the development of a diverse pipeline of Trustees for succession for the Board.
 - The Committee will review this policy annually at least every three years and assess its effectiveness in promoting a diverse Board.
- C. Constituency and Employer Representatives: All constituency and employer representatives positioned to assist the Board or a committee of the Board in identifying candidates for appointment or nomination to the Board will be specifically encouraged, to the best of their ability, to include diverse candidates.
- D. Executive Director: The Executive Director will work with the Committee to ensure this policy is adhered to during the Board nomination process.

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

Presented by Brad Sinclair



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 7:

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.



Governance and HR Committee 2024 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