



City of Austin Employees' Retirement System

MINUTES
CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD MEETING
Tuesday, March 26, 2019 – 1:30 PM
6850 Austin Center Blvd., Suite 320, Austin, TX 78731

Board Members Present

Stephanie Beach
Eyna Canales-Zarate, Vice-Chair
Amy Hunter
Yuejiao Liu
Frank Merriman
Chris Noak
Randy Spencer
Ed Van Eenoo

Board Members Absent

Michael Benson, Chair
Leslie Pool
Anthony B. Ross, Sr.

Others Present

Staff:
Christopher Hanson
Russell Nash
Donna Boykin
David T. Veal
David Stafford
Julie Barschow
Sarah McCleary
Michelle Mahaini
Yun Quintanilla
Ty Sorrel

Guests:
Paige Saenz, General Counsel
Selena Xie, Austin EMS
Association
Art Alfaro
Lewis Ward, GRS

1. Call meeting to order – Chair Benson

Vice Chair Eyna Canales-Zarate called the meeting to order at 1:37 p.m.

2. Call roll of Trustees – Chair Benson

The secretary called the roll and the following Trustees were present: Beach, Canales-Zarate, Hunter, Liu, Merriman, Noak, Spencer, and Van Eenoo

3. Review order of business – Chair Benson

Ms. Canales-Zarate reviewed the order of business and there were no changes.

4. Receive System member and public comments – Chair Benson

(This Item was taken out of order, after item 8B.)

Ms. Selena Xie reported that Austin EMS was considering several ideas regarding their department and would communicate with Mr. Nash and Mr. Hanson to determine possible strategies.

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

A. Ethics policy disclosure statement

Key Staff Declarations:

Mr. David Veal declared meetings with Dan Kim; Christopher Falzon, Julio Garcia and Matt Wade from IFM; Francis Verpoucke from TOBAM; Tyler Page and George Kirchner from NYDIG; Dan Ransenberg and Ben Inker from GMO; Dan Olsen from Tortoise; Rosa Moreno from Progress Investment Management; Myron Scholes, Jeff Nelson and Enrique Bargioni; Dan Hoover from BMO; Tushar Shah from Brown Advisory; Mohsen Fahmi, Mariko Boswell, and Kevin Gray from PIMCO; Trevor Cook from Recurring Capital; Lindsay Tragler and Steve Kurz from Galaxy Digital; Steven Poall from Fidelity Capital Markets; JoAnne Svendsgaard from Millennium Global; Jonathan Alden and Joe Gelly from BlackRock; Jerry Navarrete, Alex Over, and Roberto Croce from Mellon; Melissa Morris, Erik Knutzen, Lori Holland, and Anu Rajakumar from Neuberger Berman; Justin Schmidt from Translunar.

Mr. Russell Nash declared meeting with Rosemary Wilcox, William Mason, Charia Pool, Troy Joseph, and Todd Stowe of Lexis Nexis; Chad Griffin of Griffacts; and Kristina Smith of Imagine You Media.

Mr. David Stafford declared meetings with Francis Semphill from Walter Scott; Christopher Von Barber, Christopher Harlin, and Vitaly Liberman from Doubleline; Lauren Gribble from Oaktree; Chad Gross, Chris Lazarro, and Tom Fletcher from Loomis Sayles; Tyler Page and George Kirchner from NYDIG; Francis Verpoucke from TOBAM; Jonathan Alden and Joe Gelly from BlackRock; Dan Ransenberg and Ben Inker from GMO; Dan Olson from Tortoise; Rosa Moreno from NISA; Myron Scholes, Jeff Nelson, Enrique Bargioni, and Ashwin Alankar from Janus Henderson; Dan Hoover and Chris Kunkle from BMO; Tushar Shaw from Brown Advisory; Tessie Shih from CFM; Jerry Navarrete from Mellon; Mohsen Fahmi, Manny Roman, Mariko Boswell and Kevin Gray from PIMCO Brian Burke from Bentall Kennedy; Paige Rabalais from Commonfund; Leslie Golden from Macquarie; Steve Poall from Fidelity; Danielle Beyer from NAA; JoAnne Svendsgaard, Mark Astley and Charles Godman from Millenium; Melissa Morris,

Erik Knutzen, and Lori Holland from Neuberger Berman, Jeff Fox from JP Morgan; Greg Williams and Don Tunnel from Wellington; Tim Campbell and Ryan Fitzpatrick from Baillie Gifford; Brigit Murff, Kathy Stevenson and John Woods from Northern Trust; Fred Porzelt from Northern Trust Asset Management.

Mr. Christopher Hanson declared meetings with Dan Ransenberg, Bin Inker, and Catherine Legraw from GMO; Sunny Chu from Hermes GPE; Myron Scholes, Enrique Barioni, and Jeff Nelson from Janus Henderson; Elisabeth Joffe from NACD; and Jonathan Alden and Joseph Gelly from BlackRock.

Ms. Julie Barschow declared meetings with LCRA; Imagine You Media; Austex Printing; Austin Public Library; and Elm Catering.

Key Trustee Declarations:

Ms. Yuejiao Liu declared meeting with service providers while sitting at the discussion table at the Emerging Markets forum in Austin.

B. 2019 Board and Community meeting schedule

Mr. Christopher Hanson noted that the Members' Meeting will take place at the Austin Central Library this year.

6. Consent items – Chair Benson:

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

A. January 29, 2019 Board meeting minutes

B. Disability Committee recommendation on Disability Application #3797

Mr. Frank Merriman moved to approve the consent agenda. Mr. Randy Spencer seconded, and the motion passed unanimously.

7. Investment Committee

A. Receive report from February 15, 2019 meeting – Committee Chair Canales-Zarate

Ms. Canales-Zarate delivered the report from the February 15 meeting.

B. Discuss and consider Fixed Income and Cash and Equivalents Premier Lists, investment management agreements, side letters, and funding implementation plans – David Stafford

Mr. David Stafford reviewed the rationale and the mechanics of the Premier List along with the recommendations from the Investment Committee for both Fixed Income and Cash & Equivalents. Mr. Stafford outlined two implementation plans, #1 for Fixed Income and Cash & Equivalents and #2 for Fixed Income, solely.

Mr. Chris Noak moved to approve the Premier List for Fixed Income. Mr. Merriman seconded and the motion passed unanimously.

Mr. Noak moved to approve the Premier List for Cash & Equivalents. Mr. Merriman seconded and the motion passed unanimously.

Ms. Stephanie Beach moved to authorize the Funding Implementation Plan #1 as presented. Mr. Spencer seconded, and the motion passed unanimously.

Ms. Beach moved to authorize the Executive Director to sign the associated investment manager agreements and side letters pending final approval by legal counsel, and to authorize the Executive Director to terminate investment management agreements and side letters with existing Fixed Income managers. Mr. Merriman seconded, and the motion passed unanimously.

C. Discuss and consider amendment to securities lending authorization agreement and resolution stay with Northern Trust – Christopher Hanson

Mr. Hanson outlined a request by Northern Trust regarding the securities lending authorization agreement and resolution stay. Mr. Hanson reported that additional work was required regarding the agreement and resolution stay and that Staff would report back to the Investment Committee on the status of both.

8. Benefits and Services Committee – Board Chair

A. Receive report from March 5, 2019 meeting – Committee Chair Van Eenoo

Mr. Van Eenoo delivered the report from the March 5, 2019 meeting.

B. Discuss and consider the December 31, 2018 actuarial valuation results – Lewis Ward

Mr. Lewis Ward of GRS Consulting Services provided a report of the December 31, 2018 actuarial valuation. In light of the report, Mr. Hanson discussed the possibility of Board-level education plus conducting an actuarial experience study in the latter half of 2019. Mr. Van Eenoo moved to accept the December 31, 2018 actuarial results. Mr. Spencer seconded, and the motion passed unanimously.

The Board then returned to agenda item 4 to receive public comments.

C. Receive update on 86th Legislative Session – Christopher Hanson

Mr. Hanson updated Trustees on legislation which had been filed during the 86th Legislative Session and the potential impact of that legislation.

9. Audit and Risk Committee

A. Receive report from March 5, 2019 meeting – Committee Chair Liu

Ms. Liu delivered the report from the March 5, 2019 meeting.

B. Receive update on engagement letter with RSM – Russell Nash

Mr. Nash updated the Committee on the status of the RSM engagement letter. He noted that RSM has indicated that increasing the sample size as discussed by the Audit and Risk Committee will require additional resources and cost. He reported that Staff will present a finalized engagement letter to the Committee at its June meeting.

10. Receive report from the March 5, 2019 Disability Committee meeting – Committee Chair Merriman

Mr. Merriman delivered the report from the March 5, 2019 meeting.

11. Receive report from March 5, 2019 Policy Committee Meeting – Chair Benson

Ms. Canales-Zarate delivered the report from the March 5, 2019 meeting.

Trustees took a break from 3:17 pm to 3:28 pm.

Mr. Anthony Ross arrived at 3:28 p.m.

12. Facility Options – Chair Benson:

A. Convene into Executive Session pursuant to 551.072, Texas Government Code to deliberate the purchase, exchange, lease, sale, or value of real property.

The Board convened into Executive Session at 3:28 p.m. No action was taken.

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

The Board reconvened into open session at 4:19 p.m. Staff was directed to take action in accordance with the direction provided in Executive Session.

13. Discuss and consider Exclusive Right to Sell or Lease – Russell Nash

Mr. Nash shared terms of a contract regarding the disposition of the property at 418 E. Highland Mall Boulevard. Mr. Anthony B. Ross moved to approve the Exclusive Right to Sell or Lease with Avison Young. Ms. Beach seconded and the motion passed unanimously.

14. Discuss and consider Board educational activities including the following – Christopher Hanson:

- A. State minimum educational training requirements**
- B. Upcoming educational programs and conferences**

Mr. Hanson noted the status of required Trustee training and encouraged Trustees to reach out for assistance on any upcoming training they wished to take.

15. Discuss and consider the Executive Director's report on the following matters – Christopher Hanson:

- A. Operational matters including facilities and staffing**


Mr. Hanson provided an update on the upcoming move for Member Services, and reported on the newest staff members. He noted that all new positions for 2019 have now been filled.

- B. 2018 year-end unaudited financial statements**

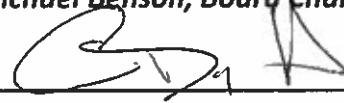
Mr. Hanson provided the financial statements.

16. Call for future agenda items

As there were no further items to address, the meeting adjourned at 4:32 p.m.



Michael Benson, Board Chair



Christopher Hanson, Executive Director

6/25/19

Date

6/25/19

Date