









# August Governance and HR Committee





<b>Schedule</b>	Thursday, August 31, 2023 11:00 AM — 12:00 PM CDT
<b>Venue</b>	6850 Austin Center Blvd., Suite 320, Austin, TX 78731
<b>Organizer</b>	Sarah McCleary

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# **1. Call roll of Committee members**

Presented by Committee Chair Sinclair



**COMMITTEE MEETING  
Agenda Item Information Sheet**

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**AGENDA ITEM 1:  
Call roll of Committee members**

**AGENDA ITEM OBJECTIVE**

The objective of the agenda item is to determine for the record which Trustees are present at the start of the meeting.

Each Trustee should respond to the roll call, and it will be noted which Trustees are present in person and which Trustees have joined via video conference.

## 2. Review order of business and establish meeting objectives

Presented by Committee Chair Sinclair



## COMMITTEE MEETING Agenda Item Information Sheet

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### AGENDA ITEM 2:

Review order of business and establish meeting objectives

#### AGENDA ITEM OBJECTIVE

This agenda item provides Trustees the opportunity to review the order of business and to express a desire to take an agenda item out of order, and to discuss the key objectives of the meeting.

#### RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management**. It is an industry best practice to establish meeting objectives and review them at the outset of each meeting.

#### MEETING OBJECTIVES

1. The Committee will conduct its annual review of the Diversity Policy.
2. The Committee will discuss and consider proposed revisions to the Code of Ethics.
3. The Committee will conduct its annual review of the Emergency Succession Policy.

**3. Consider approval of the June 15, 2023  
Governance and HR Committee minutes**  
Presented by Committee Chair Sinclair



## COMMITTEE MEETING Agenda Item Information Sheet

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### AGENDA ITEM 3:

Consider approval of the June 15, 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.

#### RELEVANCE TO STRATEGIC PLAN

This agenda item meets the core competency established in the **COAERS Strategic Plan** “*Transparency: Complying with open meeting and public information laws to ensure the decision-making process is clear to members and the public.*”

#### RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends approval of the minutes of the June 15, 2023 Governance and HR Committee meeting.

#### ATTACHMENT

1. Draft minutes of June 15, 2023 Governance and HR Committee meeting





CITY OF AUSTIN  
EMPLOYEES' RETIREMENT SYSTEM

**MINUTES**

GOVERNANCE and HR COMMITTEE  
Public Meeting held in person and videoconference

On June 15, 2023 at 11:30 a.m. CT

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

**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

**Others Present:**  
*Staff*

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

**1 Call roll of Committee members**

Committee Chair Brad Sinclair called the meeting to order at 11:47 a.m. The following Committee members were present in person: Sinclair and Crook. The following Committee members were present via videoconference: Noak and Benson.

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.

**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 Discuss and consider 2023 Governance and HR Committee Work Plan**

Mr. Christopher Hanson presented the proposed 2023 Work Plan. The Committee discussed the work plan and gave general approval.

**4 Consider approval of the November 10, 2022 Governance and HR Committee minutes**

Committee Chair Sinclair asked Trustees to review the minutes. Ms. Kelly Crook moved to approve the November 10, 2022 Governance and HR Committee minutes as presented. Mr. Michael Benson seconded, and the motion passed 4-0.

**5 Discuss and consider Policy E-1 Election Policy for Active Contributory and Retired Board Members**

Mr. Hanson presented a revised Election Policy which conforms with the changes enacted by S.B. 1444 including the change in Place Six from an elected active contributory position to a City-appointed position. Ms. Crook moved to refer the Election Policy as presented to the Board for approval. Mr. Benson seconded, and the motion passed 4-0.

**6 Discuss and consider Trustee Training Plans**

Mr. Hanson reported on the work done thus far on individualized Trustee Training Plans. He noted that there are many choices for investment-related training, but the other areas of study have fewer relevant offerings. He highlighted several options that were recommended based on either personal experience or Trustee feedback. Trustees also discussed the possibility of in-house training done in collaboration with other retirement plans based in Austin.

**7 Discuss and consider Board Governance Manual**

Mr. Hanson noted that when the Board approved the Board Governance Manual in December 2022, Trustees had asked for more specific guidance on the review schedule. Mr. Hanson proposed including a review cycle of at least every three years in the Governance Manual. Ms. Crook moved to refer the Board Governance Manual to the Board as presented. Mr. Chris Noak seconded, and the motion passed 4-0.

**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 12:22 p.m.

## 4. Discuss and consider Diversity Policy

Presented by Christopher Hanson



## COMMITTEE MEETING Agenda Item Information Sheet

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### AGENDA ITEM 4: 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.

#### 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.**

#### RECOMMENDATION FOR COMMITTEE ACTION

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

#### BACKGROUND

The Board's Diversity Policy is required to be reviewed annually by the Committee. Staff has reviewed the existing policy and identified only minor grammatical edits.

#### 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: ~~December 15, 2022~~ September 21, 2023

Signature of Chairperson: \_\_\_\_\_

~~Chris Noak~~ 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 ~~has the opportunity to benefit~~s 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 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.

## 5. Discuss and consider Code of Ethics Policy

Presented by Christopher Hanson





## COMMITTEE MEETING Agenda Item Information Sheet

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### AGENDA ITEM 5: Discuss and consider Code of Ethics

#### AGENDA ITEM OBJECTIVE

This agenda item is for the Committee to review the Code of Ethics.

#### 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.**

#### RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends the Committee refer to the Board the adoption of the proposed revisions to the Code of Ethics.

#### BACKGROUND

The Code of Ethics was last reviewed at the end of 2020. With the completion of the 88<sup>th</sup> Legislative Session, and in accordance with the Policy Committee's direction to set regular review cycles for all Board policies, Staff and General Counsel have reviewed the Code of Ethics. Revisions include updating the Committee tasked with oversight of the Code of Ethics, establishing a regular review cycle for the Code of Ethics, including language to conform with the recently adopted Fraud, Waste, and Abuse Reporting Policy, and adding new language related to Staff ethics training.

#### ATTACHMENT

1. Draft revision of the Code of Ethics



## Board Approved Policy

Subject: Code of Ethics

Review Committee: ~~Policy Committee~~ Governance and HR Committee

Date Implemented: March 18, 1992

Date Updated: ~~December 15, 2020~~ September 21, 2023

Signature of Chairperson: \_\_\_\_\_

~~Eyna Canales-Zarate~~ Yuejiao Liu

**CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM  
BOARD APPROVED POLICY  
CODE OF ETHICS**

**I. PURPOSE AND SCOPE**

The City of Austin Employees' Retirement System ("COAERS" or the "System") is charged by the Texas Constitution and state law with the administration of pension assets held in trust for the members and beneficiaries of COAERS. Because COAERS is charged with the administration of assets of third parties (members and beneficiaries), the law imposes a fiduciary duty upon those persons in control of those assets to manage the assets for the exclusive benefit of the members and beneficiaries of the System.

The purpose of this Policy is to ensure the integrity of all COAERS investment and administrative transactions and conformity with fiduciary, ethical, and legal standards by the Board of Trustees (the "Board"), Key Staff, Professional Service Providers, and independent contractors of COAERS. This Policy outlines basic principles, guidelines, and standards of conduct expected of the persons governed by this Policy in the performance of their duties and activities, to prohibit conduct that is inconsistent with fulfilling one's fiduciary duty, and to instill and maintain a high level of confidence on the part of the public in the professionalism, integrity, and commitment to the public interest of those who serve. This Policy is further intended to establish procedures that will identify, reveal, and manage conflicts of interest. Maintaining the public's trust requires more than adherence to minimal legal standards. Persons governed by this Policy will act with integrity, competence, dignity, and in an ethical manner when dealing with the public, participants, prospects, employers, employees, and each other.

Many of the provisions described in this document are based upon legal and fiduciary precepts; however, this Policy should not be interpreted as one that outlines the complete and exclusive legal and fiduciary responsibilities of the persons governed by this Policy. Persons governed by this Policy must abide by all applicable federal and state laws, contracts, COAERS policies, and this Policy. In the case of any conflict between this Policy and state or federal law, the applicable state or federal law shall prevail.

If any person governed by this Policy has any questions about the requirements of this Policy, the person should contact the Executive Director or General Counsel.

## II. RESPONSIBILITIES

- A. Board of Trustees: The Board assigns responsibility to the Governance and Human Resources Policy Committee to review this policy as needed and oversee its implementation. The Board will receive the Policy Committee's report and recommendation regarding this Policy and make the final decision regarding all recommended changes to this Policy.
- B. ~~Policy Governance and Human Resources~~ Committee: The Committee will review this Policy every two years to coincide with the regular sessions of the Texas Legislature to ensure compliance with relevant Texas statutes. The Committee will also periodically review and recommend updates to this Policy after receipt of any legislative, court or administrative applications of laws forming the basis for this Policy, and as otherwise advisable.
- C. Executive Director: The Executive Director shall implement and administer as necessary standard operating procedures to assist and monitor the System's compliance with this Policy.

## III. DEFINITIONS

As used herein, the following terms shall have the following meanings:

- A. "Act" shall mean article 6243n, Texas Revised Civil Statutes, as amended from time to time.
- B. "Benefit" shall mean anything reasonably regarded as economic gain or advantage, including benefit to any other person in whose welfare the beneficiary is interested.
- C. "Board" shall mean the Board of Trustees of COAERS. Individual members of the Board shall be referred to as Trustees.
- D. "Conflict of Interest" occurs where a person has, or could reasonably be perceived to have, an incentive to decide a matter or provide a recommendation for a reason that would be inconsistent with acting solely in the interest of COAERS, or that would provide a financial benefit to the person. It also includes a personal or business relationship or interest that could reasonably be expected to diminish the person's independence of judgment in the performance of the person's responsibility to COAERS.
- E. "Fiduciary" shall mean any person who (1) exercises any discretionary control over the management of COAERS or any authority or control over the management or disposition of its assets, (2) renders investment advice for a fee or other compensation, direct or indirect, with respect to any

moneys or other property of COAERS or has any authority or discretionary responsibility to do so, (3) has any discretionary authority or discretionary responsibility in the administration of COAERS; or (4) has been designated by the Board as a fiduciary in the performance of certain duties for COAERS.

- F. “Frivolous Complaint” means a complaint filed without a reasonable inquiry by the person making the complaint concerning the truthfulness of the facts stated therein, and which the Board determines was groundless and made in bad faith or groundless and brought for the purpose of harassment.
- G. “General Counsel” shall mean the person or persons employed as general and assistant general counsel(s) for the System.
- H. “Gift” is anything of tangible value given without adequate consideration and shall include but not be limited to any payment of cash, or receipt of goods or services.
- I. “Immediate family” refers to those related by the first degree of affinity or consanguinity to the System Representative or any person living in the same household.
- J. “Investment Managers” shall mean the investment managers investing assets of the System.
- K. “Key Staff” shall mean the Executive Director, the Chief Financial Officer, the Chief Investment Officer, the Deputy Chief Investment Officer, the Chief Operations Officer~~Deputy Executive Director~~, Chief Technology Information Officer, and any other COAERS employee or Professional Service Provider designated in writing by the Executive Director.
- L. “Malfeasance” is the willful misconduct or the knowing improper performance of any act, duty, or responsibility under the Act, including non-performance, that interrupts, interferes with, or attempts to interfere with the administration, operation, and management of the System or any Person’s duties under the Act.
- M. “No Contact Period” shall mean the period of time from the date of issuance of a Solicitation until a contract is executed or the Solicitation is terminated.
- N. “Official Capacity” shall mean a Person’s role with respect to their position when acting on behalf of or in service to COAERS.
- O. “Person” shall mean an individual, partnership, corporation, association, limited liability company, or other group, however organized.

- P. "Personal Interest" shall mean with respect to a person governed by policy that the results of Board discussions and/or votes would effect, or could affect, that person, any member of that person's immediate family, or any other entity in which that person has an ownership or other financial interest. Provided, however, an interest which is shared in common with the other System Representatives and System Members in approximately the same degree shall not be considered a Personal Interest.
- Q. "Placement Agent" is any person or entity hired, engaged or retained by or acting on behalf of an external Investment Manager or investment fund or on behalf of another Placement Agent as a finder, solicitor, marketer, consultant, broker, or other intermediary to raise money or investments from or to obtain access to the System, directly or indirectly.
- R. "Professional Service Provider" shall mean any attorney, actuary, investment consultant, auditor, custodian of funds, medical doctor, or member of any other similarly recognized profession that contracts or is employed to provide services to the System, except as specifically provided otherwise herein.
- S. "Representation" shall mean a communication related to a Solicitation made to a Trustee that is intended to or that is reasonably likely to (a) provide information about the Solicitation or a prospective Vendor's response to the Solicitation; (b) advance the interest of the prospective Vendor; (c) discredit the response to a Solicitation of another prospective Vendor; (d) encourage COAERS to withdraw the Solicitation; (e) encourage COAERS to reject all of the responses to a Solicitation; (f) convey a complaint about a particular Solicitation; or (g) directly or indirectly ask, influence, or persuade a Trustee to favor or oppose, recommend or not recommend, vote for or against, consider or not consider, or take action or refrain from taking action on any vote, decision, or agenda item regarding the Solicitation.
- T. "Solicitation" shall mean an opportunity to compete to conduct business with COAERS.
- U. "System Member" shall mean any and all individual members (as that term is defined by state law) of COAERS.
- V. "System Representatives" shall mean the Board of Trustees and Key Staff of COAERS.
- W. "Vendor" shall mean independent contractors, whether individuals, partnerships, corporations or other organizations which perform services for COAERS for direct or indirect compensation.

#### **IV. FIDUCIARY STANDARDS OF THE BOARD AND SYSTEM REPRESENTATIVES**

- A. The Board shall hold, administer, and manage the assets of the System, for the exclusive purpose of providing benefits to present and future participants and their beneficiaries and defraying reasonable expenses of administering the System or program.
- B. System Representatives shall:
  - 1. Act solely in the best interest of the System and the members, beneficiaries, and participants of COAERS;
  - 2. Act with prudence, competence, independence, and objectivity;
  - 3. Adhere to laws, rules, regulations, bylaws, and policies adopted by the Board in overseeing investments, pension administration, and general operation;
  - 4. Act in a transparent manner in Board and Committee meetings and in other consultations and meetings when deliberations of official COAERS business take place;
  - 5. Maintain confidentiality when required to do so by law or contract;
  - 6. Cooperate fully if questioned about an ethical matter related to COAERS; and
  - 7. Refrain from prohibited and conflicted actions.
- C. No System Representative or Professional Service Provider shall knowingly or negligently participate in the breach of fiduciary duty by another fiduciary of the System, participate in concealing such breach, or knowingly or negligently permit such breach to occur. It is the responsibility of each person to immediately disclose the discovery of a breach to the Executive Director. It is the responsibility of the Executive Director to disclose the discovery to the Board Chair for appropriate action. If the breach involves the Executive Director, the breach shall be reported to the General Counsel and the Board Chair.

#### **V. ETHICAL CONDUCT**

##### **A. General Standards of Conduct**

- 1. All members, beneficiaries, and participants of COAERS are to be treated equally and fairly. A Trustee's duty is to the members, beneficiaries, and participants of COAERS as a group, and not to individuals or groups of individuals.

2. Trustees must delegate duties, when appropriate, to prudently select, instruct, and monitor all vendors and agents.
3. All System Representatives and Professional Service Providers must act in good faith and not allow their Personal Interest to prevail over the interest of COAERS.
4. Every System Representative and Professional Service Provider shall conduct themselves so as to avoid even the appearance of any illegal or unethical conduct, and shall at all times do the utmost to carry out their duties with courtesy and in a professional manner.
5. Professional Service Providers shall comply with both the ethics standards and requirements of their profession and with this Policy, as well as any state or federal laws applicable to the Professional Service Providers.
6. System Representatives shall disclose to the Board all visits by a person that attempts to influence the System Representative in the performance of his or her Official Capacity. The disclosure shall be made at the next open Board meeting following the visit, provided that if such reporting System Representative does not attend the next Board meeting, the System Representative shall make the report in writing to the Executive Director within 30 days after the date of such Board meeting. This provision does not apply to visits between and among Board Trustees, COAERS employees or System Members. Furthermore, this provision does not apply to business discussions between COAERS employees, independent contractors, Investment Managers, and Professional Service Providers.
7. No System Representative shall solicit or accept employment to be performed or compensation to be received which could reasonably be expected to impair independence in judgment or performance of duties with COAERS, or that might reasonably be expected to require or induce the System Representative to disclose confidential information acquired by reason of the official position.
8. No System Representative shall use their position to secure a special privilege, for financial gain, or avoiding consequences of illegal acts for themselves or a third party, or to secure confidential information or use such information for any purpose other than to fulfill responsibilities in their Official Capacity
9. No System Representative may solicit, accept, or agree to accept any benefit from a person the System Representative knows is interested in or likely to become interested in any contract, purchase, payment,



claim, or transaction involving the exercise of the System Representative's discretion.

10. No System Representative shall accept, solicit, or use their position to garner any gift, favor, or service that might reasonably tend to influence that individual in their Official Capacity.
11. No System Representative shall use COAERS facilities, personnel, equipment, or supplies for any personal benefit, or for any private or commercial purpose, except to the extent such are lawfully available to the public.
12. No System Representative shall knowingly participate or assist in any violation of such policy, procedures, laws, rules or regulations.
13. No System Representative shall engage in malfeasance. The retirement Board may remove a board member for Malfeasance, after notice and a hearing, by a vote of six of its members.
14. In the event of a conflict between this Policy and a more restrictive ethics rule or policy that may be applicable to Trustees who are employees or officers of the City of Austin, the Trustee shall comply with the more restrictive policy.

## **B. Prohibited Transactions**

1. No System Representative shall knowingly or negligently engage in the purchase, sale, or exchange of any direct investment or property with the System if that person holds an interest in the investment or property.
2. No System Representative shall use their position with the System to solicit business for their own account or the account of an immediate relative or business associate.
3. Acceptance by a System Representative of any "favor" or complimentary work or analysis, offered or performed by a current or prospective contractor or Vendor of the System, intended to benefit personally the involved System Representative is prohibited.
4. No System Representative shall, directly or indirectly, for himself/ herself or as an agent, in any manner use the funds or deposits of the System except to make such current and necessary payments as are authorized by the Board.
5. No System Representative shall become an endorser or surety or in any manner an obligor for money loaned by or borrowed from the System.

6. System Representatives shall not accept offers by reason of their position with the System to trade in any security or other investment on terms more favorable than those available to the general investing public.
7. System Representatives shall not borrow from Vendors, Investment Managers, Professional Service Providers, banks or other financial institutions with which the System has a business relationship, unless such entities are normally engaged in such lending in the usual course of their business.
8. No System Representative shall serve as a Placement Agent in connection with any System investment.
9. With the exceptions of the purchase of water, wastewater, electric, telephone, cable television and internet services, the System will not make any purchase or enter into any contract with: (1) any entity in which a System Representative, or a family member related within the first degree of affinity or consanguinity to the a System Representative, has an employment or business relationship that results in taxable income to the System Representative, or family member; or (2) any entity that has given gifts (having an aggregate value of \$250 or more) within the prior twelve months to the System Representative, or a family member of the System Representative. This prohibition does not apply to contracts between the System and the company that employs a Professional Service Provider.
10. No System Representative shall knowingly or negligently cause the System to engage in any of the prohibited transactions listed above with any immediate relative or business associate of the System Representative, any other Trustee, COAERS employee, Vendor or Professional Consultant to the System, any other fiduciary of the System, any person providing services to the System, any employee organization whose members are covered by the System, or its officials and employees.

### **C. Acceptance of Gifts/Benefits**

1. System Representatives shall not solicit, accept or agree to accept any gift, favor, or service that might reasonably tend to influence the System Representative in the discharge of their official duties or that the System Representative knows or should know is being offered with the intent to influence the System Representative's official conduct. Gifts valued at less than \$50 may be accepted provided they do not influence a System Representative's decisions, including the following examples: tokens of nominal value, including meals, transportation, lodging, or entertainment, which are distributed to all attendees at conferences, seminars, meetings, and receptions. All gifts must be reported at the next open

Board meeting. A System Representative ~~that~~who is required to make a report under this section but does not attend the next Board meeting shall make the report in writing to the Executive Director within 30 days of the date of the Board meeting.

2. If any person offers any gift, favor, or business opportunity to a System Representative, and there is reason to believe that the offer was made with the intent to influence the System Representative's action in connection with COAERS, the System Representative shall, as soon as practical, notify the Board of such offer.
3. No System Representative will travel at the expense of, be entertained by, or accept a meal from any person that is offered or accepted with the intent to influence the System Representative's action in their Official Capacity. With respect to meals and transportation provided to System Representatives during a COAERS-organized meeting with or business trip to visit persons doing business with or seeking to do business with COAERS, a System Representative is in compliance with this section if COAERS reimburses the person for any meal or transportation provided by such person. Any travel, entertainment, or meal that is accepted and not reimbursed must be disclosed to the Board at the next open Board meeting.
4. The acceptance by Staff of invitations to seminars, conferences, receptions and business meals when (1) such event has a presentation or discussion of topics pertinent to the investment of Fund assets or relates to the official duties of the individual and (2) the sponsor or a representative of the sponsor is present are permitted if not otherwise prohibited by law. This exception also applies to the acceptance of transportation, lodging and meals in connection with conferences, seminars, and advisory committee meetings where the services rendered by Staff are more than merely perfunctory and in accordance with applicable laws. In all cases, Staff should use reasonable care and judgment to not place themselves in a situation that might cause, or be perceived to cause, a loss of independence or objectivity. Any acceptance by Staff of such invitations and participation as allowed by this section must be disclosed to the Board at the next open Board meeting.

#### **D. Conflicts of Interest**

1. System Representatives should make reasonable efforts to avoid conflicts of interest and appearances of conflicts of interest.
2. System Representatives shall not make personal investments that could reasonably be expected to create a conflict of interest between the System Representatives' private interest and the interest of the System.

3. System Representatives shall refrain from participating in any discussions with another Trustee or System employee and/or vote on any issue on which said System Representative has a Conflict of Interest, or has the potential for a Conflict of Interest with COAERS, and shall further refrain from discussing, or voting on issues in which said System Representative has a Conflict of Interest or a Personal Interest whether or not said interest is in conflict with the interest of COAERS. In any matter coming before the Board in which a System Representative has a Personal Interest or a Conflict of Interest, or an existing or potential Conflict of Interest with COAERS, said person shall make public note of the Personal Interest and/or Conflict of Interest, and shall recuse himself or herself from participating in any discussions, votes, or other decision making on the matter. (Refer to **Attachment A** and **Attachment B** for forms). If a System Representative is not sure whether their interest constitutes a Personal Interest or Conflict of Interest as defined in this Policy or whether their interest is in conflict with COAERS, such person shall fully disclose their interest and the decision of the Board with respect to whether the System Representative has a conflict shall be controlling. Notwithstanding the above, an officer, employee, independent contractor, Vendor or Professional Service Provider of the System may discuss with the Board and other persons governed by this Policy his or her employment, employment agreement, or agreement for services.
4. No System Representative shall transact any business in his/her Official Capacity with any entity in which they have any Personal Interest or Conflict of Interest, provided that Professional Service Providers and independent contractors shall transact business with their employer as necessary to fulfill their duties to both the employer and/or the System.
5. (a) A Trustee shall file with the Records Administrator the affidavit set forth in **Attachment B** prior to each meeting at which discussion on a matter which gives rise to a Conflict of Interest under Chapter 171, Texas Local Government Code will be discussed. The Trustee will then recuse themselves from discussion on the matter. Conflicts of interest that require disclosure and recusal described in this section arise:
  - (i) In the case of a substantial interest in a business entity, when the Board's action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
  - (ii) In the case of a substantial interest in real property, when it is reasonably foreseeable that the Board's action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
- (b) A person has a substantial interest in a business entity if:

- (i) the person owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity; or
- (ii) funds received by the person from the business entity exceed 10 percent of the person's gross income for the previous year.

(c) A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.

(d) A Trustee is considered to have a substantial interest under this section if a person related to the official in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has a substantial interest under this section.

6. Under Chapter 176, Texas Local Government Code, Trustees, the Executive Director, and Local Government Officers (referred to in this section as "local government officer" or "officer") are required to complete and file the Conflicts Disclosure Statement set forth in **Attachment D** with the Records Administrator under the circumstances set forth in this section. [Refer to **Attachment C** for definitions of terms used in this Section and Chapter 176.]

(a) A Vendor with whom COAERS enters a contract or is considering entering a contract:

- (i) Has an employment or other business relationship with the local government officer, or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, which exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:
  - (aa) A contract between the local governmental entity and vendor has been executed; or
  - (bb) The local governmental entity is considering entering into a contract with the vendor;
- (ii) Has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:
  - (aa) a contract between the local governmental entity and vendor has been executed; or
  - (bb) the local governmental entity is considering entering into a contract with the Vendor; or
- (iii) Has a family relationship with the local government officer.

7. Sections V.ED.4. and V.ED.5 above generally describe the requirements of Chapters 171 and 176, Texas Local Government Code. If any person governed by said sections has a question about the application of Chapter 171 or 176 or wishes to review the full statute, the person should contact the Executive Director or General Counsel.
8. Notwithstanding anything in this policy to the contrary: (1) neither the System, the Executive Director, nor the Trustees shall be responsible for the failure of any vendor or service provider to comply with Chapter 176; (2) all Vendors and Service Providers have a statutory duty to file the required questionnaires.
9. If any Trustee, Executive Director, General Counsel, or COAERS employee becomes aware of any facts that would require the Executive Director, a Trustee, or an Officer to file the disclosures required by Chapter 171 or Chapter 176, or that gives rise to a Personal Interest or Conflict of Interest, they shall promptly notify the person of the requirement to file such disclosure or disclose such Personal Interest or Conflict of Interest, and, if such disclosure is not filed within the time required by law, the Board shall be notified in writing of the requirement for such disclosure.

#### **E. Curing Conflicts of Interest**

1. All System Representatives who become aware of a personal Conflict of Interest have an obligation not only to disclose that conflict, but to cure it. A person normally cures a conflict of interest by promptly eliminating it.
2. A System Representative can cure a conflict by prudently withdrawing from action on a particular matter in which a conflict exists provided that:
  - (a) The person may be and is effectively separated from influencing the action taken;
  - (b) The action may be properly taken by others; and
  - (c) The nature of the conflict is not such that the person must regularly and consistently withdraw from decisions that are normally their responsibility with respect to the System.
3. Trustees must disclose any Conflicts of Interest regarding matters which are before the Board, absent themselves from any relevant deliberations, and not vote on the matter. Such Trustees may be required to disclose additional relevant information with respect to the matter in question.

#### **F. Conduct During Vendor Searches**

1. During the No Contract Period, no prospective Vendor may knowingly make a Representation to any Trustee, and no Trustee may knowingly solicit a Representation from a prospective Vendor. This section does not prohibit communications that: (a) are part of a noticed

Board or Committee meeting; (b) are conducted as part of a COAERS Staff-scheduled due diligence meeting; (c) are incidental, exclusively social, and do not involve COAERS or its business, or the Trustee's role as a COAERS official; (d) are purely procedural, for example a question regarding where information may be obtained; or (e) do not involve COAERS or its business and that are within the scope of the Trustee's private business or public office wholly unrelated to COAERS. This Section does not prohibit communications between the Trustees and a Vendor who has an existing contract or business relationship with COAERS to discuss issues related to that contract or relationship. Trustees shall disclose any Representations on the form attached hereto as Attachment A at the next Board meeting, or if the Trustee will not attend then next Board meeting, within 30 days of the Representation having been made. A prospective Vendor's violation of this section may result in rejection of the Vendor's response to a Solicitation.

2. During the evaluation of any prospective Vendors, COAERS Staff shall not communicate or meet with prospective Vendors outside of the normal course of business managing the Solicitation. This section does not prohibit communications between COAERS staff and a Vendor who has an existing contract or business relationship with COAERS to discuss issues related to that contract or relationship. The Solicitation shall include notice of the requirements of Section F. The Executive Director will cause notice to be given to the Trustees and COAERS Staff when a No Contact Period is in effect.
3. Trustees and COAERS staff cannot accept from a prospective Vendor any gift, meal, lodging, transportation or entertainment. A prospective Vendor cannot provide a Trustee or COAERS Staff with any gift, meal, lodging, transportation or entertainment.
4. When requesting bids or proposals from service providers, Vendors and suppliers, the System should generally include notice that a completed Conflicts of Interest Questionnaire (the "Questionnaire") required by Chapter 176, Texas Local Government Code, as amended ("Chapter 176"), must accompany any bid or proposal and that a copy of such Questionnaire must also be filed with the System's Records Administrator. The notice may include the email or website address at which the bidder or proposer can obtain an electronic copy of the Questionnaire. The Systems' Records Administrator shall maintain a list of the names of the Trustees, the Executive Director, and those consultants and employees who meet the definition of a "local government officer", as defined by Chapter 176, Texas Local Government Code, as amended from time to time for each proposed contract, bid, or proposal, and shall make the list available to the public and any Vendor who is required to file a Questionnaire. Access to the

Disclosure Statement form and Questionnaire forms shall be maintained on the System's website. Prospective Investment Managers shall be required to complete the Questionnaire at such time requested by COAERS. Vendors shall also disclose the hiring of any System Representative within the past twelve months.

5. Unsolicited offers and advertisements of goods, services and proposals received by the System should generally not be considered until such time, if any, as a completed Questionnaire is provided. If a Questionnaire is not submitted with any bid or proposal, the System may request a completed Questionnaire be timely filed with the System. No unsolicited offer or proposal is required to be considered. Trustees should refer unsolicited offers or proposals to the Executive Director.

## VI. ADDITIONAL DISCLOSURES AND REPORTING

**A. System Representatives.** Every System Representative shall file a current "Annual Financial Disclosure Statement/Conflict of Interest Affidavit" on the form attached in **Attachment F** with the System in January of each year. The Affidavit shall require the System Representative to report the name of each such entity in which they or a family member related within the first degree received any taxable income as a result of employment or a business relationship with such entity. The System Representative shall thereafter file an amended Affidavit if such an entity that is not listed in the Affidavit contracts or seeks to contract with the System.

**B. Investment Consultants.** Investment Consultants will annually file a report with the System that reflects the following information:

1. Any finders' fees, commissions or similar payments, made to anyone whomsoever as consideration for the placement of business with the consultant;
2. Any gifts, food, lodging, transportation, or entertainment expense which does not conform with the minimum reporting limitation contained in this Policy for the recipient;
3. Any direct or indirect benefit to a System Representative, Professional Service Provider, or Investment Manager other than food, lodging, transportation, or entertainment provided as a guest;
4. Any business relations (including, without limitation, "soft dollar" or "hard dollar" arrangements), with any Investment Managers that commenced, occurred or were in effect at any time since the last such report;
5. The extent, amount and placement of any directed business, other than directed brokerage placed in accordance with a policy adopted by the



Board which was in any way associated with the party's relationship with the System;

6. Investments made by the Investment Consultant and its affiliated companies, and by the individuals who service COAERS's account with the Investment Consultant in stocks, companies, funds, and Investment Managers that manage COAERS assets; and
7. Any other information reasonably requested by COAERS.

**C. Investment Managers.** In addition to the reports required to be filed under the Statement of Investment Policy, Investment Managers will annually file a report with the System that reflects the following information:

1. Any personal or business relations (including, without limitation, "soft dollar" or "hard dollar" arrangements) with any System Representatives or Professional Services Providers that commenced, occurred or were in effect at any time since the last such report that the Investment Manager has with any System Representatives or Professional Service Providers.
2. Whether any System Representative or Professional Service Provider has an interest in the Investment Manager, in a COAERS investment or fund strategy, or is entitled to any fees, commissions, dividends, distributions, equity or equity-linked interests, or any other benefit as a result of a COAERS investment in a fund or a contract to manage a COAERS separate account managed by the Investment Manager.
3. Any gifts, food, lodging, transportation, or entertainment expense which does not conform to the minimum reporting limitation contained in this Policy for the recipient.
4. Any other information reasonably requested by COAERS.

**D. Vendors.** Current Vendors will annually disclose whether a System Representative has been hired by the Vendor within the preceding 12-month period. Current Vendors will also update the Chapter 176 Questionnaire within seven days of the Vendor becoming aware of the occurrence of one of the events described in Section 176.006(a), Texas Local Government Code.

## VII. ETHICS TRAINING

1. A person newly elected or appointed to the Board must complete an ethics training program that meets the ethics training requirements for public retirement system trustees and that includes training on this Policy and the Fraud, Waste, and Abuse Reporting Policy, that will be administered by the Executive Director or General Counsel within 90 calendar days after

election or appointment.

2. Bi-annually, Staff shall make available to the Board training that meets the State minimum educational training requirements for ethics training for public retirement system trustees. The Executive Director will provide ethics training as requested by members of the Board.

3. Staff shall participate in annual ethics training which shall include training on this Policy and the Fraud, Waste, and Abuse Reporting Policy.

- 3.4. Annually, Trustees and Key Staff shall acknowledge that they have read, understand and will comply with this Policy on the form set forth in **Attachment G**.

## VIII. ENFORCEMENT

### 1. Complaints

- a. Upon the sworn complaint of any System Representative, COAERS employee, Professional Service Provider, or System Member (the "Complainant") delivered to the Board or the Retirement Office, the Board shall consider possible violations by the person or persons named in the complaint.
- b. A sworn complaint alleging a violation(s) shall specify the section(s) of this Policy alleged to have been violated.
- c. A complaint alleging a violation must be filed within one year from the commission of the action alleged as a violation, and not afterward.
- d. The Board shall hold a preliminary hearing within 30 working days of receipt of the complaint unless good cause exists for a delay.
- e. The Board may consider possible violations on its own initiative. Within ten days of a Board vote to consider a possible violation, the Board shall draft a written complaint specifying the section(s) of this Policy alleged to have been violated.

### 2. Prohibition of Communications Outside Board Meetings

- a. After a complaint has been filed and prior to a final determination by the Board with respect to the validity of the complaint, no Trustee of the Board shall discuss, or communicate in any other manner (whether directly or indirectly), with any Person about the complaint, matters alleged in the complaint, or any matters relevant to the allegations made in the complaint and the decision of the Board, unless such discussions

or communications are held during a properly called meeting or work session of the Board for the purpose of considering the complaint.

- b. This provision is adopted to assure that any communications regarding the complaint will be heard by other Board Trustees, and that the decision of a Board Trustee with respect to the complaint will not be based on any information which has not been made equally available to all Board Trustees.
- c. Any Trustee of the Board violating this provision shall be subject to the sanctions provided for in Section 5 below. The preceding section shall not, however, be applicable to consultations by and between COAERS' General Counsel and any Trustee of the Board, with respect to the schedule, process, or procedure of the hearing, or as reasonably necessary related to the investigation.

### 3. Preliminary Hearing

- a. A preliminary hearing shall be held to determine whether reasonable grounds exist to believe that a violation has occurred.
- b. At the preliminary hearing, the Complainant, or the designated representative of the Board in cases considered upon the Board's own initiative, shall appear and state the alleged violation and shall describe in narrative form the testimony and other evidence which would be presented to prove the alleged violation as stated in the written complaint. The following additional person(s) shall have the right but not the obligation to appear and address the Board with respect to the alleged violation:
  - (1) ~~—~~The Person named in the complaint;
  - (2) Any other Person with information relevant to the complaint, including persons with information in support of the complaint and persons with information in defense of the complaint.
- c. All statements made before the Board shall be under oath. Individuals making statements shall not be subject to cross-examination, but shall be subject to questions from the Board. Representations of fact must be supported by reference to affidavits or by the representation of the Person making the statement that such Person has spoken with a witness and is repeating what the witness stated.
- d. Within ten days after the conclusion of the preliminary hearing, the Board shall state, in writing, whether or not it has determined that reasonable grounds exist to believe that a violation has occurred. If the Board determines that there are reasonable grounds to believe that a violation

has occurred, a final hearing shall be scheduled within 30 working days from the date of the preliminary hearing. If the Board determines that there are not reasonable grounds to believe that a violation has occurred, no final hearing shall be conducted. A decision to conduct a final hearing is not a finding that a violation has occurred.

4. Final Hearing/Statement of Findings

- a. At the final hearing the Board shall determine whether a violation has occurred, whether a violation, if any, was intentional or resulted from a knowing disregard of this Policy, and whether the violation, if any, was made in reliance on the written opinion of COAERS' General Counsel. The Board shall make its determination based on the preponderance of the credible evidence in the record. All witnesses shall make their statements in person and under oath. Cross examination shall be permitted and hearsay evidence will not be permitted.
- b. The Board shall make a decision within ten working days of the final hearing. If the Board determines that a violation has occurred, it shall state its findings in writing, shall identify the particular policies which have been violated, and within five working days of the Board's decision shall deliver a copy of the Board's written statement of findings to the complainant and the Person against whom the complaint was filed.

5. Sanctions

- a. If the Board determines that a violation has occurred, it may impose any one or more of the following sanctions:
  - (1) A verbal reprimand at a regularly conducted Board meeting advising the Person named in the complaint that they have been found guilty of a violation of these policies and specifying what action must be taken, if any, to avoid future or continuing violations;
  - (2) Written notification to the Person named in the complaint that a violation has occurred, and specifying what steps must be taken, if any, to avoid future or continuing violations;
  - (3) Suspension without pay from employment for a specified period of time, or termination of employment in the case of an employee of COAERS;
  - (4) Termination of the contract or employment with COAERS in the case of a Professional Service Provider or other independent contractor.
- b. With respect to a Person who commits Malfeasance, or who with intent to deceive makes any statement or report required under the

Act which is untrue or falsified or knowingly permits to be falsified any record or records of COAERS and does not promptly report the falsification, shall result in termination of such Person's position as a Board Trustee, independent contractor, Professional Service Provider, or employee.

6. Frivolous Complaints

- a. The signature of a Person on a complaint made under this section constitutes a certificate by said Person that they have read the complaint, has made reasonable inquiry concerning the truthfulness of the facts stated in the complaint, that it is their belief, formed after reasonable inquiry, that the facts contained in the complaint are true, and that the complaint is not groundless and brought in bad faith or groundless and brought for the purpose of harassment.
- b. The Board may, on its own initiative, or upon the request of the Person against whom the complaint was filed, determine whether a complaint filed pursuant to this section was a Frivolous Complaint. Any Person making a Frivolous Complaint will be subject to reprimand or other appropriate disciplinary action. A Person who, in the sole determination of the Board, has made two Frivolous Complaints within any 12-month period, shall be subject to the following action:
  - (1) in the case of an employee, suspension without pay for a specific period of time, or termination of employment;
  - (2) in the case of a Professional Service Provider or other independent contractor, recommendation for the termination of the contract/employment relationship between COAERS and the independent contractor or Professional Service Provider; and
  - (3) in the case of a Board Trustee, verbal reprimand at a regularly called Board meeting.
- c. ——— The Board's decision is final.

## **ATTACHMENTS**

**Attachment A** – Ethics Policy Disclosure Statement (Gifts, Meals and Contacts/Meetings with Potential/Existing Service Providers)

**Attachment B** – Chapter 171 Disclosure Form

**Attachment C** – Chapter 176 Definitions

**Attachment D** – Conflicts Disclosure Statement – Form CIS (Local Gov't Officer Disclosure Form)

**Attachment E** – Conflict of Interest Questionnaire – Form CIQ (Vendor Disclosure Form)

**Attachment F** – Annual Financial Disclosure/Conflict of Interest Affidavits

**Attachment G** – Annual Ethics Policy Acknowledgement Statement

**Attachment H** – 802.203 Texas Government Code



## **ATTACHMENT A**

### **Ethics Policy Disclosure Statement Instructions (Gifts, Meals and Visit or Meetings)**

The Board Approved Policy "Code of Ethics" of the City of Austin Employees' Retirement System (COAERS) requires any System Representative to disclose any gift, meal, and all visits or meetings covered under Section V.(A.6) and make the disclosure in writing at the next open Board meeting.

The "Ethics Policy Disclosure Statement" is to be completed by each System Representative within 30 days of each open Board meeting. If a System Representative has nothing to declare, please indicate "None" on each section of the form.

Please note that the "Ethics Policy Disclosure Statement" is separate from the affidavit disclosing certain conflicts of interest required under Chapter 171 of the Texas Local Government Code and the "Conflict of Interest Questionnaire" required under Chapter 176 of the Texas Local Government Code.



**Ethics Policy Disclosure Statement  
(Gifts, Meals and Other Declarations)**

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In compliance with Board Approved Policy: Code of Ethics, I declare I have received, attended, and/or had contact related to COAERS as follows:

**Gifts:**

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**Meals:**

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**Other Declarations:**

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Signature of Trustee or COAERS Key Staff

Date



**ATTACHMENT B**  
**Chapter 171, Conflict of Interest Disclosure Form**

**STATE OF TEXAS**  
**COUNTY OF TRAVIS**

**§**  
**§**

**Affidavit**

**BEFORE ME**, the undersigned authority, on this day personally appeared \_\_\_\_\_, who being duly sworn by me did on his oath, depose and say that:

"My name is \_\_\_\_\_. I am of sound mind and over eighteen (18) years of age. I am a member of the Board of Trustees of the City of Austin Employees' Retirement System, and am personally acquainted with the facts stated herein and such facts are true and correct.

(1) I have a substantial interest in the business entity that is involved in the project, subject or matter included in agenda item number \_\_\_\_\_ for the \_\_\_\_\_ [date] meeting of the Board/ \_\_\_\_\_ Committee. My interest in such entity is generally described as follows: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

(2) I have a substantial interest in the property that is involved in the project, subject or matter included in agenda item number \_\_\_\_\_ for the \_\_\_\_\_ [date] meeting of the Board/ \_\_\_\_\_ Committee. My interest in such entity is generally described as follows: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

(3) I have a perceived conflict, or potential interest in the business or property that is involved in the project, subject or matter included in agenda item number \_\_\_\_\_ for the \_\_\_\_\_ [date] meeting of the \_\_\_\_\_ [board or council]. My interest in such entity is generally described as follows: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

Further, Affiant sayeth not."

\_\_\_\_\_  
*Signature*

## ATTACHMENT C

### Chapter 176, Tex. Local Gov't Code Definitions

The following terms are used in Section V.E.5. of the Policy, and are defined as follows in Chapter 176, Texas Local Government Code.

- (1) "Agent" means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee.
- (2) "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:
  - (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
  - (B) a transaction conducted at a price and subject to terms available to the public; or
  - (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.
- (3) "Contract" means a written agreement for the sale or purchase of real property, goods, or services.
- (4) "Family member" means a person related to another person within the first degree by consanguinity or affinity, as described by Subchapter B, Chapter 573, Government Code. An officer's family member includes the officer's: father, mother, son, daughter, spouse, father-in-law, mother-in-law, son-in-law, daughter-in-law, or step child.
- (5) "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code. An officer's family relationships within the third degree by blood include the officer's: mother, father, son, daughter, brother, sister, grandmother, grandfather, grandson, granddaughter, great-grandfather, great-grandmother, aunt, uncle, nephew, niece, great-grandson and great-granddaughter. An officer's family relationships within the second degree by marriage include the officer's: spouse, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepchild, sister-in-law (brother's spouse or spouse's sister), brother-in-law (sister's spouse or spouse's sister), spouse's grandmother, spouse's grandfather, spouse's granddaughter, and spouse's grandson.

- (6) “Gift” means a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest. The term does not include a benefit offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient.
- (7) “Goods” means personal property.
- (8) “Investment income” means dividends, capital gains, or interest income generated from:
- (A) a personal or business:
    - (i) checking or savings account;
    - (ii) (ii) share draft or share account; or
    - (iii) (iii) other similar account;
  - (B) a personal or business investment; or
  - (C) a personal or business loan.
- (9) “Local Government Officer” means (a) a member of the Board of Trustees; (b) the Executive Director; or (c) an agent of COAERS who exercises discretion in the planning, recommending, selecting, or contracting of a vendor.
- (10) “Services” means skilled or unskilled labor or professional services, as defined by Section 2254.002, Government Code.
- (11) “Vendor” means a person who enters or seeks to enter into a contract with a local governmental entity. The term includes an agent of a vendor. The term includes an officer or employee of a state agency when that individual is acting in a private capacity to enter into a contract. The term does not include a state agency except for Texas Correctional Industries.

## ATTACHMENT D

<b>LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT</b>		<b>FORM CIS</b>
(Instructions for completing and filing this form are provided on the next page.)		
This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session. This is the notice to the appropriate local governmental entity that the following local government officer has become aware of facts that require the officer to file this statement in accordance with Chapter 176, Local Government Code.	<b>OFFICE USE ONLY</b>	
<b>1 Name of Local Government Officer</b>  	Date Received _____	
<b>2 Office Held</b>  		
<b>3 Name of vendor described by Sections 176.001(7) and 176.003(a), Local Government Code</b>  		
<b>4 Description of the nature and extent of each employment or other business relationship and each family relationship with vendor named in item 3.</b>  		
<b>5 List gifts accepted by the local government officer and any family member, if aggregate value of the gifts accepted from vendor named in Item 3 exceeds \$100 during the 12-month period described by Section 176.003(a)(2)(B).</b>  Date Gift Accepted _____ Description of Gift _____ Date Gift Accepted _____ Description of Gift _____ Date Gift Accepted _____ Description of Gift _____  (attach additional forms as necessary)		
<b>6 AFFIDAVIT</b>  I swear under penalty of perjury that the above statement is true and correct. I acknowledge that the disclosure applies to each family member (as defined by Section 176.001(2), Local Government Code) of this local government officer. I also acknowledge that this statement covers the 12-month period described by Section 176.003(a)(2)(B), Local Government Code.  <div style="text-align: right; margin-right: 100px;">                         _____                          Signature of Local Government Officer                     </div>  AFFIX NOTARY STAMP / SEAL ABOVE  Sworn to and subscribed before me, by the said _____, this the _____ day of _____, 20_____, to certify which, witness my hand and seal of office.  <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <span>_____ Signature of officer administering oath</span> <span>_____ Printed name of officer administering oath</span> <span>_____ Title of officer administering oath</span> </div>		

## Attachment D

## LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT

Section 176.003 of the Local Government Code requires certain local government officers to file this form. A "local government officer" is defined as a member of the governing body of a local governmental entity; a director, superintendent, administrator, president, or other person designated as the executive officer of a local governmental entity; or an agent of a local governmental entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor. This form is required to be filed with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of this statement.

A local government officer commits an offense if the officer knowingly violates Section 176.003, Local Government Code. An offense under this section is a misdemeanor.

Refer to chapter 176 of the Local Government Code for detailed information regarding the requirement to file this form.

### INSTRUCTIONS FOR COMPLETING THIS FORM

*The following numbers correspond to the numbered boxes on the other side.*

- 1. Name of Local Government Officer.** Enter the name of the local government officer filing this statement.
- 2. Office Held.** Enter the name of the office held by the local government officer filing this statement.
- 3. Name of vendor described by Sections 176.001(7) and 176.003(a), Local Government Code.** Enter the name of the vendor described by Section 176.001(7), Local Government Code, if the vendor: a) has an employment or other business relationship with the local government officer or a family member of the officer as described by Section 176.003(a)(2)(A), Local Government Code; b) has given to the local government officer or a family member of the officer one or more gifts as described by Section 176.003(a)(2)(B), Local Government Code; or c) has a family relationship with the local government officer as defined by Section 176.001(2-a), Local Government Code.
- 4. Description of the nature and extent of each employment or other business relationship and each family relationship with vendor named in item 3.** Describe the nature and extent of the employment or other business relationship the vendor has with the local government officer or a family member of the officer as described by Section 176.003(a)(2)(A), Local Government Code, and each family relationship the vendor has with the local government officer as defined by Section 176.001(2-a), Local Government Code.
- 5. List gifts accepted, if the aggregate value of the gifts accepted from vendor named in item 3 exceeds \$100.** List gifts accepted during the 12-month period (described by Section 176.003(a)(2)(B), Local Government Code) by the local government officer or family member of the officer from the vendor named in item 3 that in the aggregate exceed \$100 in value.
- 6. Affidavit.** Signature of local government officer.

**Local Government Code § 176.001(2-a):** "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code.

**Local Government Code § 176.003(a)(2)(A):**

- (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

\*\*\*

- (2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

## ATTACHMENT E

## Conflict of Interest Questionnaire – Form CIQ (Vendor Disclosure Form)

<b>CONFLICT OF INTEREST QUESTIONNAIRE</b>		<b>FORM CIQ</b>
<b>For vendor doing business with local governmental entity</b>		
<p><b>This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.</b></p> <p>This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).</p> <p>By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.</p> <p>A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.</p>		<b>OFFICE USE ONLY</b>
		Date Received
<b>1</b>	<b>Name of vendor who has a business relationship with local governmental entity.</b>	
<b>2</b>	<input type="checkbox"/> <b>Check this box if you are filing an update to a previously filed questionnaire.</b> (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)	
<b>3</b>	<b>Name of local government officer about whom the information is being disclosed.</b>	
<hr style="width: 30%; margin: auto;"/> Name of Officer		
<b>4</b>	<b>Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.</b>	
<p>A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?</p> <p style="text-align: center;"> <input type="checkbox"/> Yes      <input type="checkbox"/> No         </p> <p>B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?</p> <p style="text-align: center;"> <input type="checkbox"/> Yes      <input type="checkbox"/> No         </p>		
<b>5</b>	<b>Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.</b>	
<b>6</b>	<input type="checkbox"/> <b>Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).</b>	
<b>7</b>		
<hr style="width: 50%; margin: auto;"/> Signature of vendor doing business with the governmental entity		<hr style="width: 20%; margin: auto;"/> Date

## Conflict of Interest Questionnaire – Form CIQ (Vendor Disclosure Form)

Attachment E

### CONFLICT OF INTEREST QUESTIONNAIRE For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

**Local Government Code § 176.001(1-a):** "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

**Local Government Code § 176.003(a)(2)(A) and (B):**

- (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

\*\*\*

- (2) the vendor:

- (A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

- (i) a contract between the local governmental entity and vendor has been executed;
- or
- (ii) the local governmental entity is considering entering into a contract with the vendor;

- (B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

**Local Government Code § 176.006(a) and (a-1)**

- (a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

- (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
- (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
- (3) has a family relationship with a local government officer of that local governmental entity.

- (a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

- (1) the date that the vendor:

- (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
- (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

- (2) the date the vendor becomes aware:

- (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
- (B) that the vendor has given one or more gifts described by Subsection (a); or
- (C) of a family relationship with a local government officer.



### ATTACHMENT F

#### City of Austin Employees' Retirement System Annual Financial Disclosure/Conflict of Interest Affidavit

Reporting \_\_\_\_\_ Period: \_\_\_\_\_ through

My signature below indicates my acknowledgement of the following:

1. Name: \_\_\_\_\_

2. Position/Office Held:  
\_\_\_\_\_

3. Residence Address:  
\_\_\_\_\_

4. Business Address:  
\_\_\_\_\_

5. Telephone Numbers:  
(Home) \_\_\_\_\_ (Office) \_\_\_\_\_

6. Spouse's Name:  
\_\_\_\_\_

7. I am a Member of the Board of Trustees of the City of Austin Employees' Retirement System and hereby acknowledge that I serve as a fiduciary and owe the Fund an obligation to administer it as a Trust Fund in accordance with Article 6243n, Vernon's Annotated Texas Statutes, as amended, the Board's policies, and all other applicable laws and regulations. I have sworn to an Oath of Office as a Member of the Board of Trustees and affirm that I will continue to abide by that oath.

8. As required by the Board's Code of Ethics, I acknowledge that I may not receive any compensation or anything of value, whether tangible or intangible, from any person or party in connection with my duties as a fiduciary and in connection with any action involving the acts of the Fund, and hereby state that I have not received any such compensation or thing of value. Meals and entertainment of reasonable



value may be accepted provided these are reported during regular Board meetings and are made available appropriately to all Board Trustees. Gifts valued at less than \$50 may be accepted provided these are reported during regular Board meetings.

9. I further acknowledge that no fiduciary of the Fund may participate in any decision or action of the Board involving any asset of the Fund that is of direct benefit to his or her own interest, except insofar as the benefit is incidental to the fiduciary's membership in the Fund. I hereby state that I have not so participated.

10. I have identified all individuals or **business** entities in which I have substantial interest, which have contracted or solicited business with the City of Austin Employees' Retirement System:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. I have identified all entities in which I or any family member related within the 1<sup>st</sup> degree (parent/child) receive any taxable income as a result of employment or business relationship, which have contracted or solicited business with the City of Austin Employees' Retirement System.

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**Signature of Board Member**

\_\_\_\_\_  
**Printed Name**

**VERIFICATION**

**STATE OF TEXAS            §**

**COUNTY OF TRAVIS       §**

BEFORE ME, the undersigned Notary Public, on this day personally appeared \_\_\_\_\_, known to me, and after being duly sworn, stated on oath that the foregoing and annexed Annual Financial Disclosure/Conflict of Interest Affidavit for the year 20\_\_ is within the knowledge of affiant and is true.

SWORN TO AND SUBSCRIBED TO BEFORE ME on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public – State of Texas



**City of Austin Employees' Retirement System  
Annual Financial Disclosure/Conflict of Interest Affidavit  
for Key Staff**

Reporting Period: \_\_\_\_\_ through \_\_\_\_\_

My signature below indicates my acknowledgement of the following:

1. Name: \_\_\_\_\_
2. Position/Office Held: \_\_\_\_\_
3. Residence Address: \_\_\_\_\_
4. Business Address: \_\_\_\_\_
5. Telephone Numbers: (Home) \_\_\_\_\_ (Office) \_\_\_\_\_
6. Spouse's Name: \_\_\_\_\_
7. I am a Key Staff member of the City of Austin Employees' Retirement System and hereby acknowledge that I serve as a fiduciary and owe the Fund an obligation to administer it as a Trust Fund in accordance with Article 6243n, Vernon's Annotated Texas Statutes, as amended, the Board's policies, and all other applicable laws and regulations.
8. As required by the Board's Code of Ethics, I acknowledge that I may not receive any compensation or anything of value, whether tangible or intangible, from any person or party in connection with my duties as a fiduciary and in connection with any action involving the acts of the Fund, and hereby state that I have not received any such compensation or thing of value except as authorized by the Act. Gifts valued at less than \$50 may be accepted provided that these do not influence a Key Staff member's decision and these are reported during regular Board meetings.
9. I further acknowledge that no fiduciary of the Fund may participate in any decision or action of the Board involving any asset of the Fund that is of direct benefit to his or her own interest, except insofar as the benefit is incidental to the fiduciary's membership in or employment with the Fund. I hereby state that I have not so participated.

10. I have identified all individuals or business entities in which I have substantial interest, which have contracted or solicited business with the City of Austin Employees' Retirement System:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. I have identified all entities in which I or any family member related within the 1<sup>st</sup> degree (parent/child) receive any taxable income as a result of employment or business relationship, which have contracted or solicited business with the City of Austin Employees' Retirement System.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**Signature of Key Staff member**

\_\_\_\_\_  
**Printed Name**

**VERIFICATION**

**STATE OF TEXAS            §**

**COUNTY OF TRAVIS       §**

BEFORE ME, the undersigned Notary Public, on this day personally appeared \_\_\_\_\_, known to me, and after being duly sworn, stated on oath that the foregoing and annexed Annual Financial Disclosure/Conflict of Interest Affidavit for Key Staff for the year 20\_\_ is within the knowledge of affiant and is true.

SWORN TO AND SUBSCRIBED TO BEFORE ME on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public – State of Texas



## ATTACHMENT G

### Annual Ethics Policy Acknowledgement Statement

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In compliance with Board Approved Policy C-3: Code of Ethics, I declare I have read, understand, and will comply with the provisions of the Code of Ethics.

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Signature of Trustee or COAERS Key Staff

Date

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Printed Name

## ATTACHMENT H

The fiduciary responsibilities of a Trustee of a Public Retirement System in the State of Texas under Texas Government Code, Title 8, Section 802.203.

Sec. 802.203. FIDUCIARY RESPONSIBILITY. (a) In making and supervising investments of the reserve fund of a public retirement system, an investment manager or the governing body shall discharge its duties solely in the interest of the participants and beneficiaries:

- (1) for the exclusive purposes of:
  - (A) providing benefits to participants and their beneficiaries; and
  - (B) defraying reasonable expenses of administering the system;
- (2) with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims;
- (3) by diversifying the investments of the system to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- (4) in accordance with the documents and instruments governing the system to the extent that the documents and instruments are consistent with this subchapter.

(b) In choosing and contracting for professional investment management services and in continuing the use of an investment manager, the governing body must act prudently and in the interest of the participants and beneficiaries of the public retirement system.

(c) A trustee is not liable for the acts or omissions of an investment manager appointed under Section 802.204, nor is a trustee obligated to invest or otherwise manage any asset of the system subject to management by the investment manager.

(d) An investment manager appointed under Section 802.204 shall acknowledge in writing the manager's fiduciary responsibilities to the fund the manager is appointed to serve.

(e) The investment standards provided by Subsection (a) and the policies, requirements, and restrictions adopted under Section 802.204(c) are the only standards, policies, or requirements for, or restrictions on, the investment of funds of a public retirement system by an investment manager or by a governing body during a 90-day interim between professional investment management services. Any other standard, policy, requirement, or restriction provided by law is suspended and not applicable during a time, and for 90 days after a time, in which an investment manager is responsible for investment of a reserve fund. If an investment manager has not begun managing investments of a reserve fund before the 91st day after the date of termination of the

services of a previous investment manager, the standards, policies, requirements, and restrictions otherwise provided by law are applicable until the date professional investment management services are resumed.

## 6. Discuss and consider Emergency Succession Policy

Presented by Christopher Hanson



## COMMITTEE MEETING Agenda Item Information Sheet

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### AGENDA ITEM 4: 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.

#### 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.**

#### RECOMMENDATION FOR COMMITTEE ACTION

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

#### BACKGROUND

The Emergency Succession Policy was first approved in June 2021 and is scheduled to be reviewed annually. Staff has reviewed the Policy and recommends revising the list of COAERS senior management positions as the Accounting Director position has been renamed Comptroller.

#### ATTACHMENT

1. Proposed revisions of the Board Emergency Succession Policy





## Board Approved Policy

Subject: Emergency Succession

Review Committee: Governance and HR Committee

Date Implemented: June 29, 2021

Date Updated: ~~June 23, 2022~~ September 21, 2023

Signature of Chairperson: \_\_\_\_\_

~~Chris Noak~~ 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
- ~~Accounting Director~~ 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.

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

Presented by Committee Chair Sinclair



## COMMITTEE MEETING Agenda Item Information Sheet

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### 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.

#### RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management**. It is an industry best practice to review key meeting takeaways to summarize what was accomplished at the meeting as well as ensure Staff has clear direction on further work and future agenda items.

#### RECOMMENDATION FOR COMMITTEE ACTION

Trustees will review key meeting takeaways and delineate next steps.



## Governance and HR Committee 2023 Work Plan

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### 2023 Governance and HR Committee Work Plan

#### Scheduled Quarterly Meetings

1. June meeting
  - ✓ Election Policy
  - ✓ Trustee Training Plans
  - ✓ Governance Manual
  
2. August meeting
  - ✓ Diversity Policy
  - ✓ Code of Ethics
  - ✓ Emergency Succession
  
3. November meeting
  - Report on Trustee education program
  - Education Policy
  - 2024 Committee Work Plan