

# Governance and HR Committee

<b>Schedule</b>	Thursday, August 25, 2022 1:00 PM — 2:00 PM CDT
<b>Venue</b>	6850 Austin Center Blvd., Suite 320, Austin, TX 78731
<b>Organizer</b>	Sarah McCleary

## Agenda

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1. Call roll of Committee members

Presented by Committee Chair Liu

 [Item #1 Summary.docx](#)

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2. Review order of business and establish meeting objectives


Presented by Committee Chair Liu

 [Item #2 Summary.docx](#)

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3. Consider approval of the June 2, 2022 Governance and HR Committee minutes

Presented by Committee Chair Liu

 [Item #3 Summary.docx](#)


 [2022 06 02 Governance Committee Minutes.docx](#)

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4. Discuss and consider Board-approved Personnel Policy

Presented by Christopher Hanson

 [Item #4 Summary.docx](#)

 [Personnel Policy 2022 08 25 in markup mode.pdf](#)

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5. Discuss draft Board Governance Manual

Presented by Christopher Hanson

 [Item #5 Summary.docx](#)

 [COAERS Governance Manual Draft 8.25.22.docx](#)

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6. Discuss and consider Board annual self-evaluation

Presented by Christopher Hanson


 [Item #6 Summary.docx](#)

 [Annual Board Self Evaluation.docx](#)

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7. Receive report on new Trustee orientation program

Presented by Christopher Hanson

 Item #7 Summary.docx

 Staff Report New Trustee Onboarding.pptx

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

Presented by Committee Chair Liu

 Item #8 Summary.docx

 2022 Governance and HR Committee Work Plan.docx

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# 1. Call roll of Committee members

Presented by Committee Chair Liu

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 Liu

**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 consider proposed changes to the Personnel Policy.
2. The Committee will review a draft of a Board governance manual and provide feedback to staff on next steps.
3. The Committee will review the current Board self-evaluation process and consider any proposed changes or revisions to the process.
4. In its oversight capacity, the Committee will receive a report on the new trustee onboarding program.

**3. Consider approval of the June 2, 2022  
Governance and HR Committee minutes**  
Presented by Committee Chair Liu

AGENDA ITEM 3:

Consider approval of the June 2, 2022 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 2, 2022 Governance and HR Committee meeting.

ATTACHMENT

1. Draft minutes of June 2, 2022 Governance and HR Committee meeting



**MINUTES**

**GOVERNANCE and HR COMMITTEE**

Public Meeting held in person and videoconference

on June 2, 2022 at 12:00 p.m. CT

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

**Committee Members**

**Present/ (Absent)**

Yuejiao Liu, Committee Chair  
Kelly Crook  
Amy Hunter†  
Mike Benson  
Brad Sinclair

\*Present telephonically

† present via  
videoconference

**Other Board Trustees**

**Present/ (Absent)**

Chris Noak  
Anthony Ross  
Diana Thomas  
(Leslie Pool)  
Michael Granof  
(Dick Lavine)

**Others Present:**

*Staff*

Christopher Hanson  
Sarah McCleary  
Mehrin Rahman  
Michelle Mahaini  
Yun Quintanilla\*  
David Kushner  
Russell Nash  
Amy Kelley\*  
Teresa Cantu\*

*Guests*

Paige Saenz, General  
Counsel  
Lewis Ward, GRS\*  
Belinda Weaver\*

**1 Call roll of Committee members**

Committee Chair Yuejiao Liu called the meeting to order at 12:14 p.m. The following committee members were present in person: Benson, Crook, Noak, and Liu. Ms. Hunter was present virtually.

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

## **3 Consider approval of the March 10, 2022 Governance and HR Committee minutes**

Committee Chair Liu asked Trustees to review the minutes. Mr. Michael Benson moved to approve the March 10, 2022 Governance and HR Committee minutes as presented. Ms. Kelly Crook seconded, and the motion passed unanimously.

## **4 Discuss and consider Board Governance including Governance Effective Assessment recommendations**

Mr. Christopher Hanson reminded Trustees that at the last meeting, the Committee directed Staff to look further into the two remaining recommendations from GGA that had not been implemented. Staff researched and made recommendations regarding both suggestions: a minimum amount of experience to be considered for Board Chair, and term limits for Trustee positions. After a brief discussion, the Committee chose not to pursue either recommendation as part of the legislative package under consideration.

## **5 Discuss and consider Board Approved Election Policy**

Mr. Russell Nash reported that COAERS statute requires the Board to review and approve written procedures for the election no later than August 1 of each year in which an election is held. Mr. Nash noted that "E-1 Election Policy for Active Contributory and Retired Board Members" was provided for the Committee's review. Mr. Nash reported to the Committee that Staff had proposed minor changes to update the Open Meetings language and mirror the Board's Bylaws.

Ms. Crook moved to refer the Election Policy for Active Contributory and Retired Board Members to the Board for adoption. Mr. Benson seconded, and the motion passed unanimously.

## **6 Discuss and consider Board Approved Emergency Succession Policy**

Mr. Hanson reminded Trustees that the Emergency Succession Policy is required to be reviewed annually. Mr. Hanson discussed proposed revisions due to current senior management vacancies. Trustees discussed the wisdom of being too

prescriptive in the succession policy and whether that could limit the Board's opportunity to name the interim Executive Director should the need arise.

Ms. Crook moved to recommend a revised policy clarifying the Board's prerogatives to select an interim Executive Director. Mr. Benson seconded, and the motion passed unanimously. Mr. Hanson noted that Staff would work with to present the revised proposal to the full Board in June.

**7 Discuss development of a Board Governance Manual**

Mr. Hanson shared sample ideas and concepts for a draft governance manual and solicited feedback. Trustees expressed a desire to see other examples of governance manuals.

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

As there were no further items to address, the meeting adjourned at 1:13 p.m.

## 4. Discuss and consider Board-approved Personnel Policy

Presented by Christopher Hanson

**AGENDA ITEM 4:**  
Discuss and consider Board-approved Personnel Policy

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to discuss proposed revisions to the Board-approved Personnel Policy.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets with the core competency established in the **COAERS Strategic Plan** “*Dependable operations: Managing the financial and operational commitments of the system within appropriate measurable standards*”.

RECOMMENDATION FOR COMMITTEE ACTION

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

BACKGROUND

Staff has reviewed the Personnel Policy and has minor edits reflecting the Governance and Human Resources Committee’s new authority over the Personnel Policy.

ATTACHMENT

1. Draft Personnel Policy



## Board Approved Policy

Subject: Personnel Policy

Review Committee: ~~Policy Committee~~Governance and Human Resources Committee

Date Implemented: December 11, 2018

Date Updated: ~~December 14, 2021~~September 22, 2022

Signature of Chairperson:

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Chris Noak

**CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM  
BOARD APPROVED POLICY  
"PERSONNEL POLICY"  
ADOPTED DECEMBER 11, 2018**

**ARTICLE I  
PURPOSE**

**1.1 Statement of Purpose.** The purpose of this policy is to provide a set of principles as guidelines for establishing and maintaining harmonious and productive staff relationships in the conduct of business of the City of Austin Employees' Retirement System (COAERS) in order to support the System's members and Board of Trustees. The fundamental objectives of the personnel policy objectives are to promote effectiveness, efficiency, and high-quality performance, to attract and retain qualified employees, and to provide a work environment in which employees are treated with respect, dignity, equity, and fairness. These guidelines are intended to provide an overview of COAERS' personnel policy and do not necessarily represent all such policies and practices in force. COAERS strives to conduct its business activities with integrity, fairness, and in accordance with the highest ethical standards in accordance with COAERS Code of Ethics.

**1.2. Employee Handbook.** The Executive Director shall publish and distribute an Employee Handbook providing employees with the guidelines for employment at COAERS. The provisions of the Employee Handbook cannot be inconsistent with this policy or applicable federal or state law. The Employee Handbook shall be amended as necessary to comply with the policies, practices, and law that apply to COAERS and shall be reviewed by the COAERS General Counsel no less than every three years with the results reported to the Executive Director.

**1.3 Benefit Plan Documents.** Employee benefit plans are defined in legal documents such as insurance contracts, official plan texts, trust agreements, statutes, and any applicable legal documents. This means that if a question ever arises about the nature and extent of plan benefits, or if there is conflicting language, the formal language of the plan documents governs, not the informal wording of this policy or the Employee Handbook. Plan documents are available for employee inspection upon request.

**1.4 Changes in Policy.** COAERS policies, practices, and benefits may be changed from time to time. Employees will be required to sign an acknowledgement form upon receipt of updated versions of this policy and the Employee Handbook. All employees are responsible for reading these documents. COAERS may at any time add, change, or rescind any policy or practice at its sole discretion, without notice. Therefore, employees should always check with their supervisor for the most current information.

**1.5 Interpretation.** These are statements of policies and procedures in matters over which the Board is given authority by applicable statutes and of interpretations in matters where the meaning of the laws is not readily apparent. They do not include matters in which the Board considered the intent of the laws ~~that~~ which govern COAERS to be

unmistakably clear. For this reason, these rules should be used in conjunction with other applicable provisions of law. This policy will be interpreted and applied in a manner consistent with ~~the~~ Article 6243n, Tex. Rev. Civ. Stat. (the "COAERS Act"), the applicable law of the State of Texas, and applicable federal law.

## ARTICLE II BOARD ~~and~~ STAFF RESPONSIBILITIES

**2.1 Responsibilities of the Board of Trustees.** The Board of Trustees have the following responsibilities:

- (a) Ensure the establishment of a system for equitable and effective hiring, evaluation, compensation, and termination of employees;
- (b) Approve the number of regular, full-time COAERS employees, establish the total annual personnel budget, including a separate budget line item for any performance-based compensation, authorize any performance-based compensation model, authorize the types of employee benefits and the corresponding employer and employee contribution levels;
- (c) Delegate to the Governance and Human Resources Policy Committee the oversight of this policy;
- (d) Hire the Executive Director and establish the Executive Director's job description and performance standards;
- (e) Complete the Executive Director's performance evaluation annually;
- (f) Set and adjust the Executive Director's annual compensation;
- (g) At least every three years, conduct a market compensation study for the ~~e~~Executive ~~d~~Director position;
- (h) Ensure an adequate working environment for staff members; and
- (i) Hear and decide all grievances authorized to be presented to the Board.

**2.2 Responsibilities of the ~~Policy Committee~~ Governance and Human Resources Committee.** The Governance and Human Resources Policy Committee has the following responsibilities:

- (a) Review and recommend changes to this policy as needed;
- (b) Review the results of the report by the Executive Director regarding the compensation philosophy and strategy outlined in this policy; and
- (c) Review the results of the report by the Executive Director of the review of the policy and the Employee Handbook.

**2.3 Responsibilities of the Executive Director.** The Executive Director has the following responsibilities:

- (a) Implementation and administration of this policy;
- (b) Review, revise, and distribute the Employee Handbook;



- (c) Selection of personnel, job description preparation, assignment of duties, performance evaluation, promotion, compensation within the budget approved by the Board, and discipline, including dismissal, of all COAERS personnel;
- (d) Ensure that all personnel policies, including the Employee Handbook, comply with applicable local, state, and federal laws.
- (e) Provide advice and recommendations to the Policy Committee Governance and Human Resources Committee regarding any changes to this policy;
- (f) Report exceptions to this policy to the Policy Committee Governance and Human Resources Committee;
- (g) Report on the compensation philosophy and strategy, including the results of market compensation studies, to the Policy Committee Governance and Human Resources Committee no less than every three years ~~from~~ for the initial adoption of this policy;
- (h) Report the results of the review of this policy and the Employee Handbook to the Policy Committee Governance and Human Resources Committee no less than every three years from the date of their initial publication;
- (i) Review and make decisions on requests for accommodation and all reported observations of a potential need to consider an accommodation, in the qualifications for employment, the duties of employee positions, and the working conditions and assigned work areas;
- (j) Review and make final decisions on all employee complaints and issues that do not constitute a grievance authorized to be presented to the Board by this policy or the Employee Handbook; and
- (k) Maintain and secure employment and employment-related records.

**2.4 Responsibilities of the Chair of the Board of Trustees.** The Board Chair shall act as a liaison between the Board and the Executive Director. In accordance with this Policy, the Board Chair shall also be responsible for working with the General Counsel and the Deputy Executive Director to complete the market compensation study for the ~~e~~Executive ~~d~~Director position, and to report the results to the Board.

**2.5 Responsibilities of the General Counsel.** The COAERS General Counsel shall provide advice to the Executive Director, Policy Committee Governance and Human Resources Committee, and Board of Trustees on personnel-related matters. The General Counsel shall review the Employee Handbook and this policy no less than every three years and make recommendations for revision to the Executive Director.

### ARTICLE III POLICY STATEMENTS

**3.1 Nondiscrimination.** In order to provide equal employment and advancement opportunities to all individuals, employment decisions at COAERS will be based on merit, qualifications, and abilities. COAERS does not discriminate in employment opportunities or practices on the basis of any characteristic protected by state or federal law. COAERS will make reasonable accommodations for qualified individuals and employees with known disabilities unless doing so will result in an undue hardship to COAERS. All

employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring the issues to the attention of their immediate supervisor or the Executive Director. Employees may raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination or improper behavior, or retaliating against an employee who has reported discrimination or improper behavior, will be subject to disciplinary action, up to and including termination of employment.

**3.2. Unlawful Harassment.** COAERS is committed to providing a work environment that is free of discrimination and unlawful harassment. Actions, words, jokes, or comments based on an individual's sex, gender identity or expression, race, ethnicity, age, religion, or any other legally protected characteristic will not be tolerated. As an example, sexual harassment (both overt and subtle) is a form of employee misconduct that is demeaning to another person, undermining the integrity of the employment relationship. Such conduct is strictly prohibited. Any employee who wants to report an incident of sexual or other unlawful harassment should promptly report the matter to the employee's supervisor. If the supervisor is unavailable or the employee believes it would be inappropriate to contact that person, the employee should immediately contact the Executive Director. An employee may contact the Board Chairperson and the System's General Counsel if the employee believes it would be inappropriate to contact the Executive Director. Employees can raise concerns and make reports without fear of reprisal. Any supervisor or manager who becomes aware of possible sexual or other unlawful harassment must promptly advise the Executive Director in writing. If the supervisor or manager believes it would be inappropriate to advise the Executive Director, the supervisor or manager must promptly advise the Board Chairperson and the System's General Counsel in writing. Anyone engaging in sexual or other unlawful harassment, or retaliating against an employee who has reported sexual or other unlawful harassment, will be subject to disciplinary action, up to and including termination of employment.

**3.3 Americans with Disabilities Act (ADA) and Reasonable Accommodation.** To ensure equal employment opportunities to qualified individuals with a disability, COAERS, pursuant to the federal Americans with Disabilities Act, will make reasonable accommodations for the known disability of an otherwise qualified individual, unless undue hardship on the operation of the business would result. Employees who may require a reasonable accommodation should notify their supervisor or the Executive Director in writing.

**3.4 Fair Labor Standards Act (FLSA).** COAERS will comply with the federal Fair Labor Standards Act and all applicable wage and hour laws.

**3.5 Family Medical Leave Act (FMLA).** COAERS will comply with the federal Family and Medical Leave Act (FMLA), granting unpaid leaves of absence to eligible workers for certain medical and family-related reasons. COAERS will also follow all applicable state and local leave laws.

**3.6 Uniformed Services Employment and Reemployment Rights Act.** COAERS will comply with the federal Uniformed Services Employment and Reemployment Rights Act assisting employees who are absent from work because of service in the U.S. uniformed services.

**3.7 Workplace Safety.** COAERS shall be committed to creating an environment that is safe and productive for employees and others having business with COAERS. The Executive Director will develop procedures regarding workplace safety and violence prevention.

**3.8 Nepotism.** It is the policy of ~~the~~ COAERS to not employ individuals who are related (as defined in the following paragraph) to existing employees or members of the Board of Trustees. For purposes of this policy, the following is a list of relatives that may not be employed:

- (a) Related to the employee or Trustee: A spouse or domestic partner, a parent, a child, a sibling, a half sibling (a brother or sister who share only one parent), a grandparent, a great-grandparent, a grandchild, a great-grandchild, an aunt (a sister of a parent), an uncle (a brother of a parent), a niece or nephew (a child of a sibling or half sibling), the spouse of any of the aforementioned relationships.
- (b) Related to the employee's or Trustee's spouse or employee's or Trustee's domestic partner: a parent, a child, a sibling, a half sibling (a brother or sister who share only one parent), a grandparent, a great-grandparent, a grandchild, a great-grandchild, an aunt (a sister of a parent), an uncle (a brother of a parent), a niece or nephew (a child of a sibling or half sibling).

**3.9 Outside Employment.** COAERS employees can engage in outside employment; however, such outside employment cannot create a conflict of interest as defined by the COAERS Code of Ethics and must be approved in accordance with the Employee Handbook.

**3.10 Personnel Records.** The Executive Director shall maintain a personnel record for each COAERS employee. Personnel files are the property of COAERS and access to the information they contain is restricted to the extent allowed by law. Only the employee, authorized representatives, the Executive Director, General Counsel, and staff designated by the Executive Director may have access to personnel records. Except as required by law (including the Public Information Act), no information, other than dates of employment, is released to anyone without a signed release form from the employee on file in the personnel record. Employees should be aware that most of the documents in a personnel file, including performance evaluations, are subject to disclosure under the Public Information Act (Chapter 552, Texas Government Code). Information that is made confidential by law will be maintained confidential.

## **ARTICLE IV EMPLOYMENT AND COMPENSATION**

**4.1 At Will Employment.** Employment at COAERS is on an at-will basis. Employment and compensation are for no fixed term and may be terminated by COAERS at any time with or without cause or notice. Likewise, an employee may resign at any time.

**4.2 Prohibition on Use of COAERS Property.** Employees are prohibited from using COAERS facilities, equipment, supplies, employee time, or any other COAERS resource for personal use, except to the extent that the use of such resources are reasonable. These uses are dedicated to COAERS business, and COAERS management shall have full access to both the resources and any contents thereof at all times in the judgment of the Executive Director. Employees have no legitimate expectation of privacy when using these resources. Use of the internet and e-mail are subject to monitoring. Employees may be subject to limitations on their use of such resources. The Executive Director may allow employees limited use of resources while ensuring that the operational needs of ~~the~~ COAERS are being met. Misuse, destruction, or theft of COAERS property shall be considered misconduct subject to disciplinary action, up to and including termination of employment.

**4.3 Unemployment Insurance.** COAERS employees will be covered by unemployment insurance.

**4.4 Workers' Compensation Insurance.** COAERS will provide a comprehensive Workers' Compensation insurance program at no cost to employees. This program and benefit is governed by state law and generally covers injuries sustained in the course of, or disabling illness attributable to, employment duties that require medical, surgical, or hospital treatment. Subject to applicable legal requirements, Workers' Compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately. Employees who sustain work-related injuries or illnesses shall inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported and documented immediately. This will enable an eligible employee to qualify for coverage as quickly as possible. Neither COAERS nor the insurance carrier will be liable for the payment of Workers' Compensation benefits for injuries that occur during an employee's participation in any off-duty recreational, social, or athletic activity sponsored or attended by COAERS employees.

**4.5 Social Security and Medicare Insurance.** COAERS employees will be covered by the programs offered by Social Security Administration and federal payroll taxes (FICA) will be deducted from employee pay accordingly.

**4.6 Compliance with Ethics Policy and Procedures.** COAERS employees shall comply with the Code of Ethics as applicable and by the appropriate professional licensing board for the profession to which the employee may belong. Failure to follow policies and practices of ethical conduct can be grounds for discipline up to, and including, the termination of employment.

**4.7 Compensation.** COAERS compensation philosophy should attract and retain the highest qualified individuals for the position who are aligned and engaged with COAERS mission, vision, values, and culture. The Executive Director shall administer compensation in a manner that is non-discriminatory and highly competitive, taking into consideration the supply and demand for skills, and individual performance. The Executive Director will develop salary ranges that are highly competitive with the range of salaries being offered in the skills market. Salary ranges for certain positions may be established differently based on the market, individual skills, experience, and performance.

**4.8 Employee Benefits.** COAERS recognizes that employee benefits are part of the total compensation of COAERS employees. The Executive Director is responsible for recommending, as part of the personnel budget, funding for employee benefits including as appropriate retirement, medical, dental, disability, and insurance benefits. By resolution, the Board has elected to provide employee benefits through the City of Austin. It is the responsibility of the Executive Director to review and recommend any changes to employee benefits to the Board. COAERS will comply with all applicable local, state, and federal laws regarding employee benefits.

## **ARTICLE V GRIEVANCES**

**5.1 Acts Giving Rise to a Grievance.** An employee may file a written grievance concerning conduct that the employee in good faith believes constitutes a violation of state or federal law or the legal rights of the employee by the employee's supervisor or by any other officer or employee of COAERS, including, but not limited to, sexual harassment or other unlawful harassment, discrimination based on race, color, ancestry, national origin, gender, sex, sexual orientation, gender identity, marital status, religion, age, disability, genetic information, veteran status, or other characteristic protected by state or federal law, or a grievance arising out of an on the job injury or workers' compensation claim.

**5.2 Retaliation Prohibited.** No employee shall be discriminated against, harassed, intimidated, nor suffer any reprisal as a result of acting in good faith to file a grievance, or report unlawful action, or for participating in an authorized investigation of any matter.

**5.3 Grievance Process.** The following steps and procedures are applicable to all grievances provided that such steps and procedures shall not be or constitute a rigid or exact procedure, or create any due process rights, subject to the Alternate Grievance Procedure set forth in Section 5.5.

- (a) All authorized grievances as described in Section 5.1 or 5.2 must be in writing.
- (b) Within 10 business days of an incident giving rise to a grievance, an employee may file a grievance directly with the employee's supervisor and attempt to resolve the grievance with such supervisor, and, if such grievance is not resolved within 20 days

from the date filed, the employee may submit such grievance in writing to the Executive Director.

- (c) An employee may file and attempt to resolve a grievance directly with the Executive Director if the grievance regards alleged harassment or discrimination by the employee's supervisor, and an employee may appeal a supervisor's decision on a grievance filed with the supervisor. The Executive Director shall have 20 business days from the date of receipt of the grievance, or appeal, or, as applicable, from the date the Executive Director otherwise takes charge of a grievance or appeal filed with a supervisor, to take final action on the grievance or appeal. Days in which the Executive Director is on leave or out of the office on business, shall not be counted in computing the 20 days. The Executive Director may reasonably extend the time for making a decision on the grievance or appeal as necessary to complete an inquiry, and, if not extended, a failure by the Executive Director to make a decision within the 20 days shall be a denial of the grievance or appeal. The decisions of the Executive Director on all authorized grievances and appeals of grievances are subject to appeal.
- (d) If the grievance regards alleged harassment or discrimination by the Executive Director, the employee may file the grievance directly with the Board Chair and the General Counsel of COAERS in accordance with Section 5.5.

**5.4 Grievances Heard by the Board.** An employee may appeal a grievance decision. The following steps and procedures are applicable to all grievance appeals and to grievances that are submitted to the Board Chair and General Counsel under this Policy or the [Employee Handbook](#), provided that such steps and procedures shall not be or constitute a rigid or exact procedure, or create any due process rights.

- (a) With respect to an appeal, any such appeal must be made in writing to the Board Chair and General Counsel within 10 business days of the date of the appealable decision.
- (b) The Board Chair and General Counsel shall consider the appeal or the grievance, as applicable and determine whether it is one that may be heard by the Board under this Policy. If the appeal or grievance is one that may be heard by the Board, the Board Chair and General Counsel will determine when the grievance will be placed on a Board meeting agenda. The General Counsel will also notify the Board of the appeal or grievance. If the appeal is one that is not eligible to be considered by the Board, the General Counsel will notify the Board that an ineligible appeal has been received and provide the reason for ineligibility.
- (c) When an appeal or grievance is placed on a Board agenda, the Board may extend the time for a decision at its discretion.
- (d) Following the Board's investigation of all accounts of the incident(s), the Board will make a final decision and communicate the decision to the employee(s).

**5.5 Alternative Grievance Filings.** Any grievance that an employee feels may be inappropriate to present to the Executive Director, by reason of a violation of state or federal law or the legal rights of the employee, may be presented directly to the Board Chair and the General Counsel. In such event, a written grievance must be filed, and the Board Chair

and General Counsel shall consider the grievance in accordance with Section 5.4(b). Notwithstanding any procedure stated herein, upon the advice of the General Counsel and concurrence of the Board Chair, the General Counsel may cause an investigation into the grievance or appeal to be conducted before the matter is considered by the Board. The General Counsel will notify the Board of the investigation and keep the Board informed about the status and results of the investigation.

**5.6 Dispute Resolution.** A grievance may be referred to mediation if agreed to by the employee who filed the grievance, the subject of the grievance, and the Executive Director, and if determined appropriate for mediation by the General Counsel and Board Chair. The Board will be notified of the decision to mediate a grievance and will be kept informed of the results of mediation.

**5.7 Equal Employment Opportunity Commission Regulations.** Notwithstanding the foregoing, if a grievance alleges a violation of an Equal Employment Opportunity Commission (EEOC) rule and is filed with the EEOC, the employee must proceed in the manner and time specified by the EEOC rules and regulations.

**5.8 Board Grievance Process and Procedures.** The following process and procedures will be generally followed and applied by the Board on all grievances presented for consideration. (Reference to “grievances” in this section shall include appeals concerning grievances that may be heard by the Board.)

(a) Grievances will generally be heard in Executive Session, provided that:

(i) An employee, officer, or ~~Trustee~~ Trustee that is the subject of the grievance filed by another employee may request the matter be heard in public session, unless the grievance is required to be maintained as confidential by law, to the extent allowed by the Open Meetings Act;

(ii) After hearing the evidence and testimony, the Board may convene into Executive Session for the purpose of consulting with General Counsel, as advised, pursuant to Section 1.05, Texas Disciplinary Rules of Professional Conduct.

(b) Executive Sessions will be conducted by the Board, as applicable, in compliance with the Open Meetings Act, and as follows:

(i) The meeting will commence in public session and then convene into Executive Session;

(ii) On grievances and appeals of grievances, the employee that filed a grievance against another officer or employee, and the officer or employee that is the subject of the grievance, together with the Executive Director, shall be entitled to be in attendance in the Executive Session at any time any evidence or testimony is being received;

(iii) The results of any investigation of the grievance or appeal will be shared with the Board;

(iv) Witnesses may be brought in to the Executive Session upon approval by the Board, as applicable, from time to time as convenient, to provide information and evidence on the issue then being considered, and such witnesses may be required to exit upon completing their evidence or testimony;

(v) Only the following persons may attend during an Executive Session: Board Members, authorized witnesses while giving testimony and responding to questions, the Executive Director, the General Counsel, the complainant, and the employee or officer complained against;

(vi) For the purpose of consulting with and obtaining advice from the General Counsel, the Board may require any or all persons, other than the Board Members and General Counsel, to exit the Executive Session at any time; and

(vii) The Board will take action on grievances and appeals by vote taken in public session.

(c) The Board may also direct that the General Counsel or a third party conduct an investigation of the grievance or appeal and bring the results back to the Board.

(d) The decision of the Board with respect to any grievance shall be final.



## 5. Discuss draft Board Governance Manual

Presented by Christopher Hanson

**AGENDA ITEM 5:**  
**Discuss draft Board Governance Manual**

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to review a preliminary draft of a Board Governance Manual and provide feedback and direction to staff on next steps.

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**. One key performance indicator for 2022 is the creation of a Board Governance Manual.

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

BACKGROUND

After the completion of the 2020 Governance Effectiveness Assessment, the ad-hoc Governance Committee discussed the possibility of creating a Board Governance Manual to memorialize concepts such as the Board's governance principles, Board culture, and Board member conduct.

During the development of the 2022-2026 Strategic Plan, a key performance indicator for Strategic Plan Goal 4 was added for the creation of a Board Governance Manual. This agenda item is intended for the Committee to review a preliminary draft of a Board Governance Manual with the goal of providing Staff enough feedback and direction to present a final draft at the next Committee meeting.

ATTACHMENT

1. Draft Board Governance Manual

SUPPLEMENTAL INFORMATION PROVIDED VIA CONVENE APP

1. Minnesota PERA Governance Manual
2. NYSTRS Retirement Board Governance Manual

# CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM BOARD GOVERNANCE MANUAL

## I. PURPOSE AND SCOPE

This Governance Manual is established to give Trustees information relevant to the governance of the City of Austin Employees' Retirement System ("COAERS" or "System"). Governance is the process for making and implementing decisions. Governance is not about making the "correct" decision, but about the best possible process for making the decision. At its core, governance is the establishment of rules, practices, processes, and the monitoring of their implementation. Governance integrates the power, duties, and accountability of the Trustees to the System's mission. The Board may, at its discretion, delegate authority to carry out the administration of the System but may not delegate responsibility for the System. An essential prerequisite to success of the Board and the System is a well-designed governance structure.

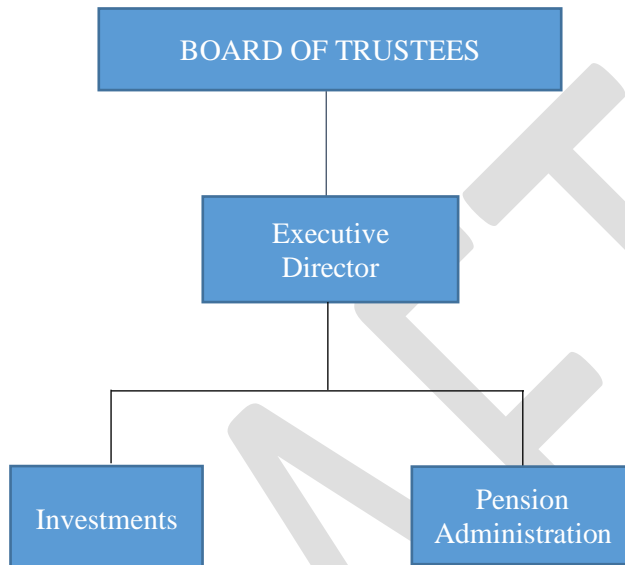
## II. GOVERNANCE PRINCIPLES

The following governance principles guide the conduct, decision-making and behavior of the Board and provide a framework for the achievement of the Board's goals:

1. All Board members are fiduciaries and as such, must act solely in the best interest of all the participants in the plan.
2. Board members are to be effective and capable in fulfilling their fiduciary responsibilities, taking the time to understand COAERS' business and the role of the Board in conducting that business.
3. Successful governance requires competent Board members who can develop and oversee the implementation of strategies for achieving intended outcomes.
4. The Board is open in the way key decisions are made and has access to appropriate expertise and relevant information and data during the decision-making process.
5. The Board shares values about what is important and works together with mutual respect in a constructive partnership. The Board sets the tone at the top that permeates the organization.
6. The Board is engaged in establishing the long-term direction of the organization. Strategic choices are consciously made based upon analysis and long-term thinking.
7. The Board approves the risk preferences and tolerances of the organization to achieve long-term goals and objectives.

### III. GOVERNANCE STRUCTURE

The Board utilizes the single fiduciary board model with an integrated investment and pension administration organization. The Board has authority, per its governing statute, for investments and pension administration and delegates its authorities through the Executive Director.



### IV. DELEGATION

Many tasks are delegated to staff or outside experts; however, a Trustee cannot delegate away fiduciary responsibility. There remains an obligation to monitor and supervise those to whom one delegates. Trustees can delegate tasks and functions and rely on advice from internal and external professionals.

Trustees can delegate tasks and functions to committees. Committees can consider options, conduct research, receive reports, and make recommendations to the Board. When Trustees lack sufficient expertise to make fully informed decisions, they can seek expert advice. However, the Trustees should assess the advice received and consider its quality and the qualifications, experience, and independence of those providing the advice.

### V. COMMITTEES

Much of the preparation work for Board action takes place in committees. Each Board member is required to serve on at least one committee of the Board. Board members are encouraged to attend all Committee meetings, regardless of whether they are committee members. Any Board member attending a Committee meeting may participate fully in discussion; however, non-committee members are not considered

in determining a quorum and may not vote. Unless a committee has been specifically delegated powers by the full Board of Trustees, the actions of a committee are recommendations to the Board.

## VI. BOARD AND COMMITTEE PACKETS

A Board or committee packet, including the agenda and all supporting material, is provided to Trustees in advance of a meeting to provide time for the Trustees to review the material and prepare for the meeting. Generally, materials will be provided the Friday before the meeting. Occasionally, additional materials are provided at the meeting, but that is kept to a minimum to allow trustees full opportunity to review materials to be discussed.

## VII. PARLIAMENTARY PROCEDURE

Roberts Rules of Order are generally used as a guide for parliamentary procedures. The Board Chair will rule on issues of procedure with guidance from the General Counsel.

## VIII. BOARD CONDUCT

Each Board member should commit to always conduct themselves with civility and courtesy, to both those with whom the Board interacts and their colleagues. Individual Board members should also endeavor to correct fellow Board members, should any of their conduct fall below this standard.

## IX. ONE VOICE

Healthy discussion and differing points of view are encouraged in the decision-making process. However, once the Trustees vote, the Board speaks with “one voice”. This means once a decision or direction is achieved, all Trustees support the decision or direction and can provide clear and consistent direction to the Executive Director, stakeholders, or service providers.

## X. BOARD SELF-EVALUATION PROCESS

The Board has adopted an annual self-evaluation process which assesses the whole Board, the Chair, Vice-Chair, and Committee Chairs; and includes the following areas for evaluation: governance, leadership, effectiveness, achievements, and areas for improvement.

Additionally, one or more techniques may be utilized for obtaining self-evaluation feedback, including:

1. Expert third-party facilitator to lead the self-evaluation process
2. Feedback from external key stakeholders on Board performance
3. Third-party evaluation of the Board's performance
4. Peer-to-peer evaluations

The Board also identifies the skills and capabilities required to fulfill its fiduciary roles and responsibilities and maintains an inventory of existing Trustee skills and capabilities, as well as strengths, weaknesses, gaps, and priority development needs.

## XI. BOARD CULTURE

The Board is responsible for creating and maintaining an atmosphere that encourages frank and collegial discussions both at the Board and committee level and between the Board and management. The Board strives to achieve a governing style that emphasizes:

1. Strategic leadership
2. Outward vision
3. Focus on the future
4. Proactivity
5. Encouragement of collegiality
6. Civility and courtesy
7. Respect for diversity, recognizing the value of all input
8. Governance by consensus
9. A partnership with COAERS management
10. Ethical conduct of Board business to avoid even the appearance of impropriety.

## XII. PERIODIC GOVERNANCE ASSESSMENTS

The Board recognizes that COAERS' system of governance needs to be reviewed periodically. The Board, in its sole discretion, will from time-to-time review its governance practices in whole or in part as necessary to maintain strong governance principles or incorporate new governance concepts.

## XIII. NEW TRUSTEE TRAINING

New Trustees will attend governance training upon appointment or election. Staff will incorporate governance concepts into Trustee onboarding activities as applicable.

## 6. Discuss and consider Board annual self-evaluation

Presented by Christopher Hanson

**AGENDA ITEM 6:**  
Discuss and consider Board annual self-evaluation

AGENDA ITEM OBJECTIVE

This agenda item provides the Committee an opportunity to review the current Board self-assessment process and offer any suggested changes or revisions.

RELEVANCE TO STRATEGIC PLAN

Board governance self-assessment in an action item for **Strategic Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management.**

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

BACKGROUND

The Board conducts an annual self-assessment at the end of each year. The recently created Governance and Human Resources Committee is charged with reviewing the overall effectiveness of the Board and recommend improvements where warranted. As the Board's annual self-evaluation ties directly into this charge, Staff is seeking feedback from the Committee on any suggested changes or revisions to the annual Board self-assessment process.

ATTACHMENT

1. Annual Board Self-Evaluation



### Annual Board Evaluation

Board Bylaws provide that Trustees will assume responsibility for conducting an evaluation of the Board of Trustees as a whole. The Board Chair will facilitate the discussion for this agenda item. Below are suggested items to help facilitate and guide the discussion. Trustees are encouraged to share their views on these topics as well as any other topics pertinent to the Board's evaluation.

<b>Governance</b>	<b>2021 Rating</b>
The Board knows and understands COAERS' mission/vision and Strategic Plan; and reflects this understanding on key issues throughout the year.	1 2 3 4 5
The Board acts strategically and delegates effectively.	1 2 3 4 5
The Board comprehends and respects the difference between its policy-making role and the Executive Director's management role.	1 2 3 4 5
Board goals, expectations, and concerns are effectively communicated with the Executive Director.	1 2 3 4 5
<b>Leadership</b>	
The Board Chair, Vice-Chair, and Committee Chairs promote a culture of mutual trust and collaboration.	1 2 3 4 5
Board and Committee meetings are conducted in a manner than fosters open and respectful communication, meaningful participation, and sound resolution of issues.	1 2 3 4 5
The Board operates in a way that allows Trustees to constructively challenge and effectively manage dissent.	1 2 3 4 5
Committee assignments are made to ensure adequate rotation of long-tenured trustees, and newer trustees are provided the opportunities to take on new responsibilities on the Board.	1 2 3 4 5
<b>Effectiveness</b>	
The Board stays abreast of issues and trends affecting COAERS, using this information to assess and guide COAERS over the long term.	1 2 3 4 5
The Board receives timely, accurate, and useful information upon which to make decisions.	1 2 3 4 5

Trustees are actively engaged and involved in Board and Committee meetings.	1 2 3 4 5
The Board promotes professional development activities to ensure that Trustees are adequately informed and educated.	1 2 3 4 5
The Board ensures that new Board Trustees are given a prompt, thorough orientation of fiduciary duties and the operation of COAERS.	1 2 3 4 5
<b>Achievement and Improvement</b>	
Identify the three greatest achievements of the Board during the past year.	
Identify critical issues that need to be addressed by the Board in the future.	
Identify areas of improvement for the Board in governance and effectiveness.	
Identify process improvements to enhance effective board preparation and communication and the management of committee and board meetings.	

## 7. Receive report on new Trustee orientation program

Presented by Christopher Hanson

**AGENDA ITEM 7:**  
Receive report on new Trustee orientation program

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to receive a report on the COAERS new Trustee orientation program.

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**. Effective onboarding of new Trustees is critical to implementing leading practices in board governance.

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

BACKGROUND

The recently created Governance and Human Resources Committee is charged with overseeing the maintenance and delivery of the Board's orientation program for all new Trustees. Staff has prepared a report for the Committee detailing the elements of the current new Trustee onboarding program along with feedback from Trustees who recently took part in the onboarding program in 2022. Staff is seeking any feedback or direction from the Committee on ways to improve the current onboarding program.

ATTACHMENT

1. Staff report "New Trustee Onboarding"



# New Trustee Onboarding

Governance and HR Committee

August 25, 2022

# COAERS New Trustee Orientation Program

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The Texas Pension Review Board requires a Minimum Educational Training (MET) program for public retirement system trustees and system administrators. COAERS has a Board Education Policy that establishes a framework for onboarding new trustees in a manner that is consistent with the MET requirements.

## Statutory Training Curriculum

- Fiduciary Duty
- Ethics
- Governance
- Actuarial Matters
- Investments
- Benefits
- Administration
- Risk Management

## Additional New Trustee Onboarding Items

- Strategic Plan
- Plan Sustainability
- COAERS Investment Program
- COAERS Financial Operations
- Chair/Vice Chair Introductory Meetings
- Management Introductory Meetings
- Policy Handbook Review
- Pre-meetings for Board/Committee Meetings



# Real-time Feedback

COAERS
Course Evaluation Form

**Minimum Required Educational Training (MET)**

**Course Name:** [Actuarial and Sustainability; Governance; Investments; Operations; Fiduciary Matters; Ethics]

You have completed a Minimum Educational Training (MET) program offered by the City of Austin Employees' Retirement System (COAERS), a Pension Review Board accredited sponsor. All accredited sponsors must provide participants a process for evaluating the quality of the course.

**Course Objectives:**

- Each course has its specific objectives listed here based on the PRB requirements.

**Evaluation:**

Please take some time to provide a rating on the items below. You may also leave any additional comments that you think may be helpful for future courses.

Please provide a rating on these items	I strongly agree	I agree	I disagree	I strongly disagree
1. These course objectives were met.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. The facilities and technology were satisfactory.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. The instructor was effective.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. The program content was relevant and up-to-date.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Additional Comments:**

Thank you for your feedback.

Each course has specific objectives and at a minimum must train on the areas defined by the Pension Review Board

Austin model covers all required content areas plus adds COAERS-specific examples



# 2022 Onboarding Feedback

	Scores	Comments
<b>Fiduciary Matters</b>	100% strongly agree	Trustee liked the example(s) given
<b>Governance</b>	100% agree	
<b>Ethics</b>	100% agree	
<b>Investments</b>	100% agree	Trustee would have appreciated greater discussion of some of the more technical features of portfolio management – e.g. measures such as tracking error, Sharpe ratio, info ratio, etc., and the significance of the key indices.
<b>Actuarial Matters</b>	100% agree	
<b>Benefits Administration</b>	100% agree	
<b>Risk Management</b>	In 2022 both new Trustees have completed the PRB version of Risk Management.	

*“Some material was review, some was new; the balance between the two was appropriate”*

*“Would have preferred in-person”*

*“Impressed by the onboarding process; extensive but every part was necessary”*



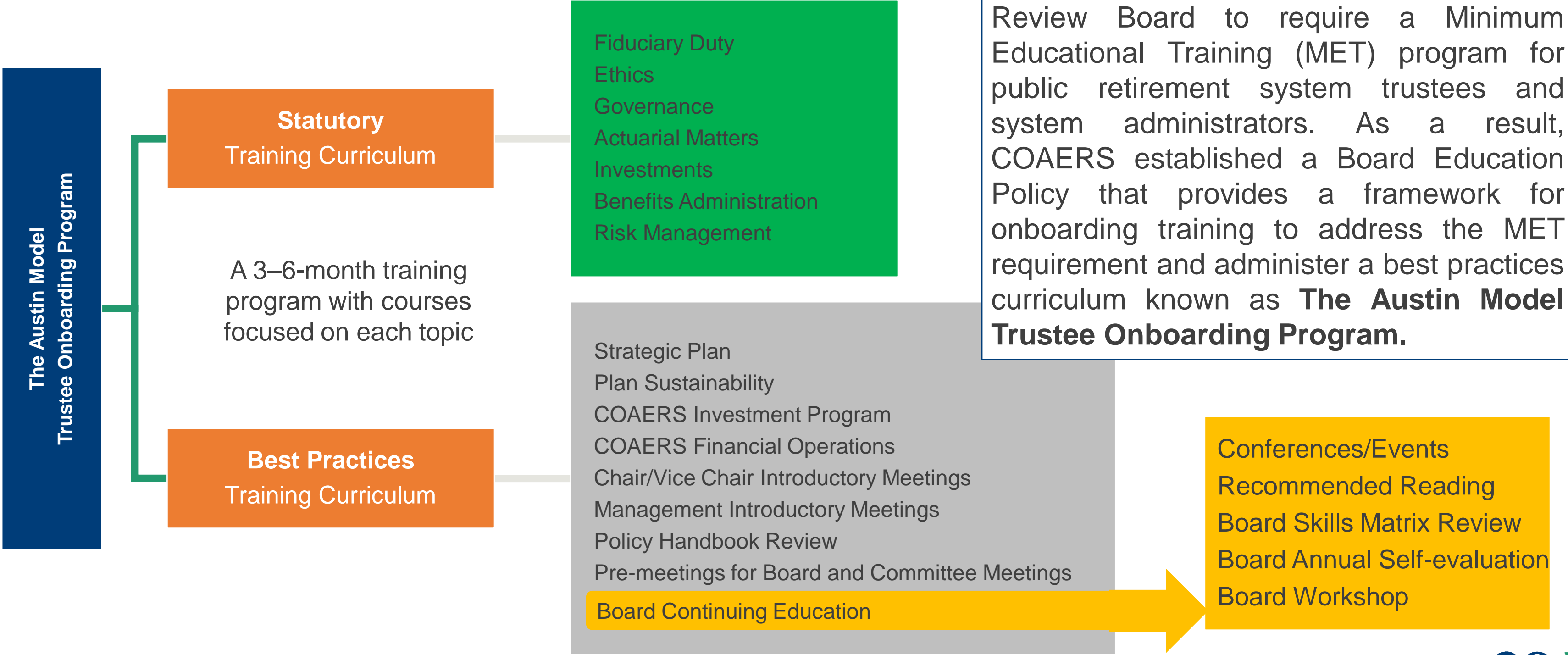


# Trustee Feedback for Future Onboarding

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# Austin Model Trustee Onboarding Program



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

Presented by Committee Chair Liu

**AGENDA ITEM 8:**

Review key meeting takeaways and call for future agenda items

AGENDA ITEM OBJECTIVE

This standing agenda item provides Trustees the opportunity to review the key takeaways from the meeting.

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.

ATTACHMENT

1. 2022 Governance and HR Committee Work Plan

# 2022 Draft Governance and HR Committee Work Plan

## Scheduled Quarterly Meetings

1. March meeting (3/10/22)
  - ✓ Statutory governance recommendations from governance assessment
  - ✓ City of Austin governance proposals
  
2. June meeting (6/2/22)
  - ✓ Statutory governance recommendations from governance assessment
  - ✓ City of Austin governance proposals
  - ✓ Emergency Succession Policy
  - ✓ Board Governance Manual
  - ✓ Election Policy
  
3. August meeting (8/25/22)
  - ✓ Board Governance Manual
  - ✓ Personnel Policy
  - ~~Executive Director evaluation policy/procedure~~
  - ✓ Receive report on new trustee orientation program
  - ✓ Review Board annual self-assessment
  
4. November meeting (11/10/22)
  - Market compensation study results
  - Diversity Policy
  - ~~Executive Director evaluation policy/procedure~~
  - 2023 Committee Work Plan