

Governance and HR Committee

Schedule	Thursday, November 10, 2022 10:30 AM — 11:30 AM CST
Venue	6850 Austin Center Blvd., Suite 320, Austin, TX 78731
Organizer	Sarah McCleary

Agenda


1. Call roll of Committee members

Presented by Committee Chair Liu

 [Item #1 Summary.docx](#)


2. Review order of business and establish meeting objectives

Presented by Committee Chair Liu

 [Item #2 Summary.docx](#)

3. Consider approval of the August 25, 2022 Governance and HR Committee minutes


Presented by Committee Chair Liu

 [Item #3 Summary.docx](#)

 [2022 08 25 Governance Committee Minutes.docx](#)

4. Receive market compensation study results

Presented by Christopher Hanson

 [Item #4 Summary.docx](#)

 [CBIZ-Labor Market Trends.pdf](#)

 [04B Staff Report on 2022 Market Study.pdf](#)

5. Discuss and consider Board Governance Manual

Presented by Christopher Hanson

 [Item #5 Summary.docx](#)

 [COAERS Governance Manual Draft 11.4.22.docx](#)


6. Discuss and consider Diversity Policy

Presented by Christopher Hanson

 [06 Agenda Item Summary.docx](#)

 Draft Diversity Policy.pdf


7. Review 2022 Work Plan and discuss development of 2023 Work Plan
Presented by Christopher Hanson

 Agenda Item #7 Summary.docx

 2022 Governance and HR Committee Work Plan.docx

 2023 Governance and HR Committee Work Plan.docx

8. Review key meeting takeaways and call for future agenda items
Presented by Committee Chair Liu

 Item #8 Summary.docx

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 receive a report on the 2022 Market Compensation Study.
2. The Committee will consider the Board Governance Manual and whether additional work is required before referral to the Board for adoption.
3. The Committee will consider proposed changes to the Board Diversity Policy.
4. The Committee will review the work done by the Committee in 2022 and discuss development of the 2023 Committee Work Plan.

3. Consider approval of the August 25,
2022 Governance and HR Committee
minutes

Presented by Committee Chair Liu

AGENDA ITEM 3:

Consider approval of the August 25, 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 August 25, 2022 Governance and HR Committee meeting.

ATTACHMENT

1. Draft minutes of August 25, 2022 Governance and HR Committee meeting

MINUTES

GOVERNANCE and HR COMMITTEE

Public Meeting held in person and videoconference

On August 25, 2022 at 1:00 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
Chris Noak

*Present telephonically

† present via
videoconference

Other Board Trustees

Present/ (Absent)

(Anthony Ross)
Diana Thomas
(Leslie Pool)
Michael Granof
(Dick Lavine)
Brad Sinclair

Guest

Paige Saenz, General
Counsel

Others Present:

Staff

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

1 Call roll of Committee members

Committee Chair Yuejiao Liu called the meeting to order at 1:06 p.m. The following committee members were present in person: Benson, Crook, Noak, and Liu.

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 June 2, 2022 Governance and HR Committee minutes

Committee Chair Liu asked Trustees to review the minutes. Ms. Kelly Crook moved to approve the June 2, 2022 Governance and HR Committee minutes as presented. Mr. Michael Benson seconded, and the motion passed 4-0.

4 Discuss and consider Board-approved Personnel Policy

Mr. Christopher Hanson presented revisions to the Personnel Policy reflecting the newly-formed Governance and HR Committee responsibilities. The Committee also discussed and recommended changes to the reporting under Section 3.2 such that complaints could be brought to the Board Chair or General Counsel, not necessarily to both.

Mr. Michael Benson moved to recommend that the Board adopt the Personnel Policy as revised. Ms. Crook seconded, and the motion passed 4-0.

5 Discuss development of a Board Governance Manual

Mr. Hanson presented a draft Board Governance Manual. He discussed the content and section of the Manual with the Committee. He sought feedback from the Committee on certain points such as the Board Culture Statement and whether the Manual should be part of a larger Policy Handbook or a smaller, stand-alone Board Manual. Trustees voiced a preference for a small Governance Manual, not a manual that incorporates all Board Policies. The Committee directed Mr. Hanson to add the Board Culture Statements to the Board Workshop so that all Trustees could participate in the development of these statements.

Mr. Benson left the meeting at 1:15 p.m.

6 Discuss and consider Board annual self-assessment

Trustees reviewed the self-assessment tool used for the Board annual self-evaluation in 2021 and noted that the tool was likely ineffectual if only looked at once a year during the last meeting of the year. The Committee directed staff to add an agenda item at the Board Workshop so that all Trustees could participate in the discussion on the Board self-evaluation.

7 Receive report on new trustee orientation program

Mr. Hanson shared feedback from trustees who had recently completed the new trustee orientation program. He also reported that he had presented COAERS

trustee onboarding program, the “Austin Model” for onboarding new Trustees, during a recent NCPERS panel. Mr. Hanson discussed having Trustees also set a personal educational goal and tasking Staff with assisting in resources. Mr. Hanson also noted that since the initial onboarding of the current Trustees, Staff had developed one more training on financial operations which he would make available to any interested Trustees.

8 Review key meeting takeaways and call for future agenda items

As there were no further items to address, the meeting adjourned at 1:52 p.m.

DRAFT

4. Receive market compensation study results

Presented by Christopher Hanson

AGENDA ITEM 4:
Receive market compensation study results

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to receive a report on the 2022 Market Study.

RELEVANCE TO STRATEGIC PLAN

This agenda item is part of **COAERS Strategic Plan Goal 5: Identify opportunities to capitalize on organizational strengths**. The Board established action items in Goal 5 including under the Talent Management objective to conduct a market compensation study.

RECOMMENDATION FOR COMMITTEE ACTION

At committee's discretion.

BACKGROUND

Conducting a market compensation study was a 2022 strategic objectives action item. The Board's Personnel Policy specifies that market studies should generally be conducted every three years. The last market study was completed in 2019. At the meeting, CBIZ consultants will provide the Committee an overview of labor market trends including labor force participation and wage/inflation data. Staff will then present a report on the 2022 Market Study including key findings, recommendations, market data for COAERS with comparisons, as well as the resulting budget request that was developed for the personnel budget based on the results of the 2022 Market Study.

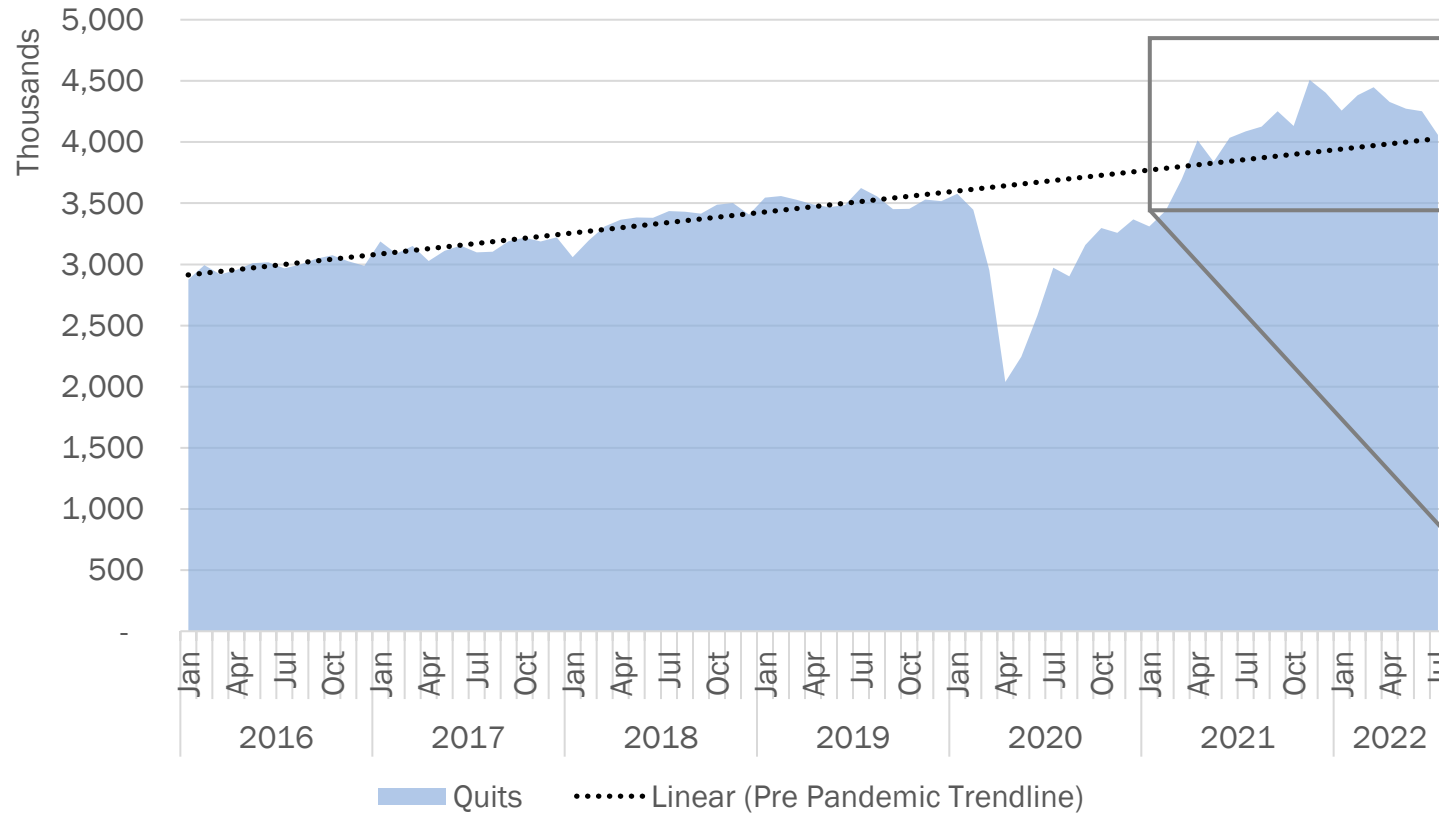
ATTACHMENTS

1. CBIZ Report: "Labor Market Trends"
2. Staff Report: "2022 Market Study Report"

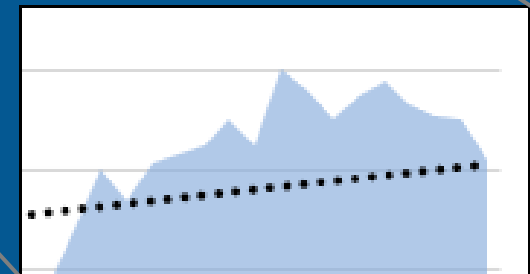
Labor Market Trends



Quits



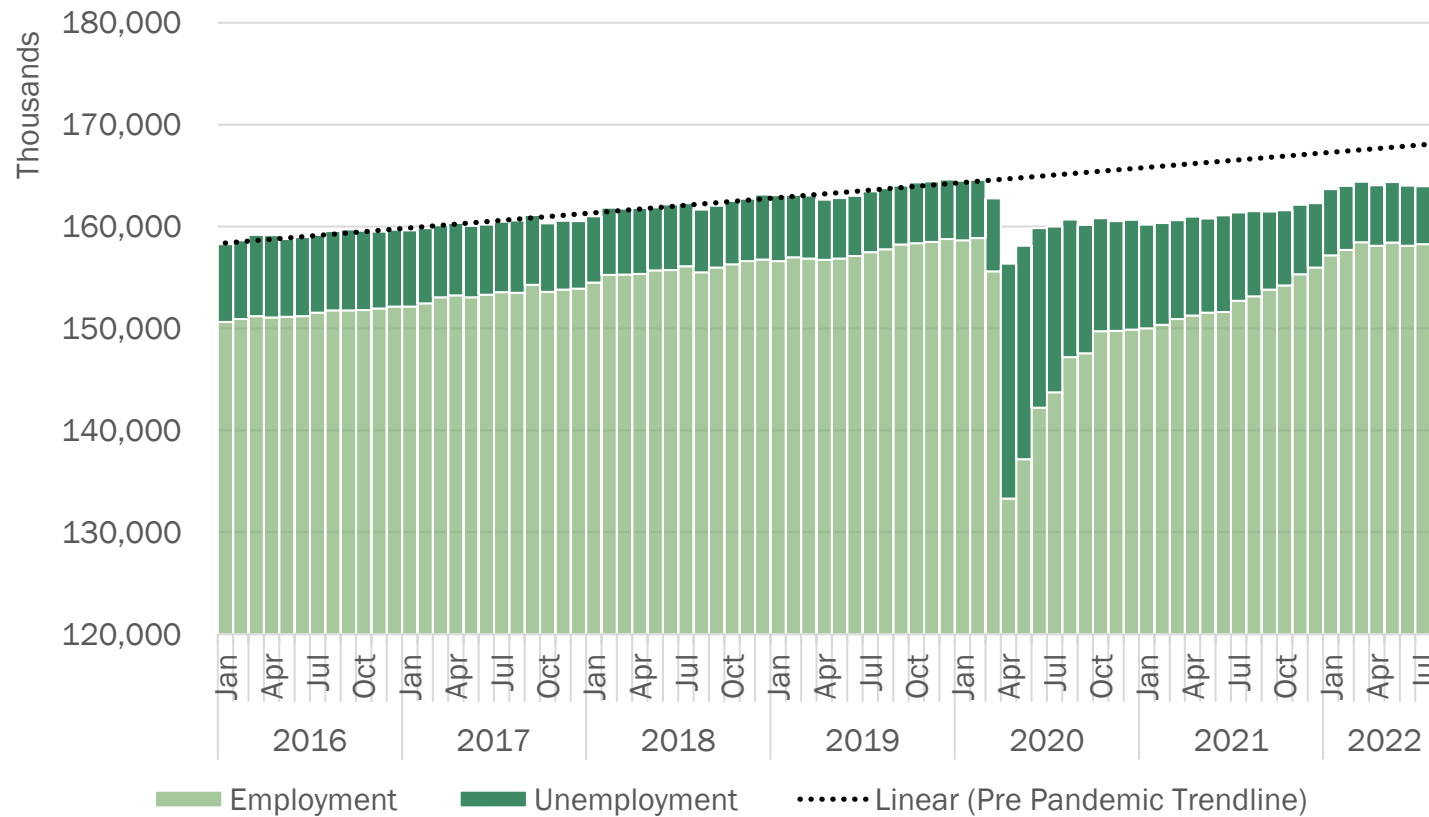
- “Quits” measures the number of voluntary employee exits
- Quits dropped during the pandemic
- Quits has returned to the pre pandemic trend!
- Is the “Great Resignation” officially over?



U.S. Bureau of Labor Statistics. Job Openings and Labor Turnover.

Labor Market Trends

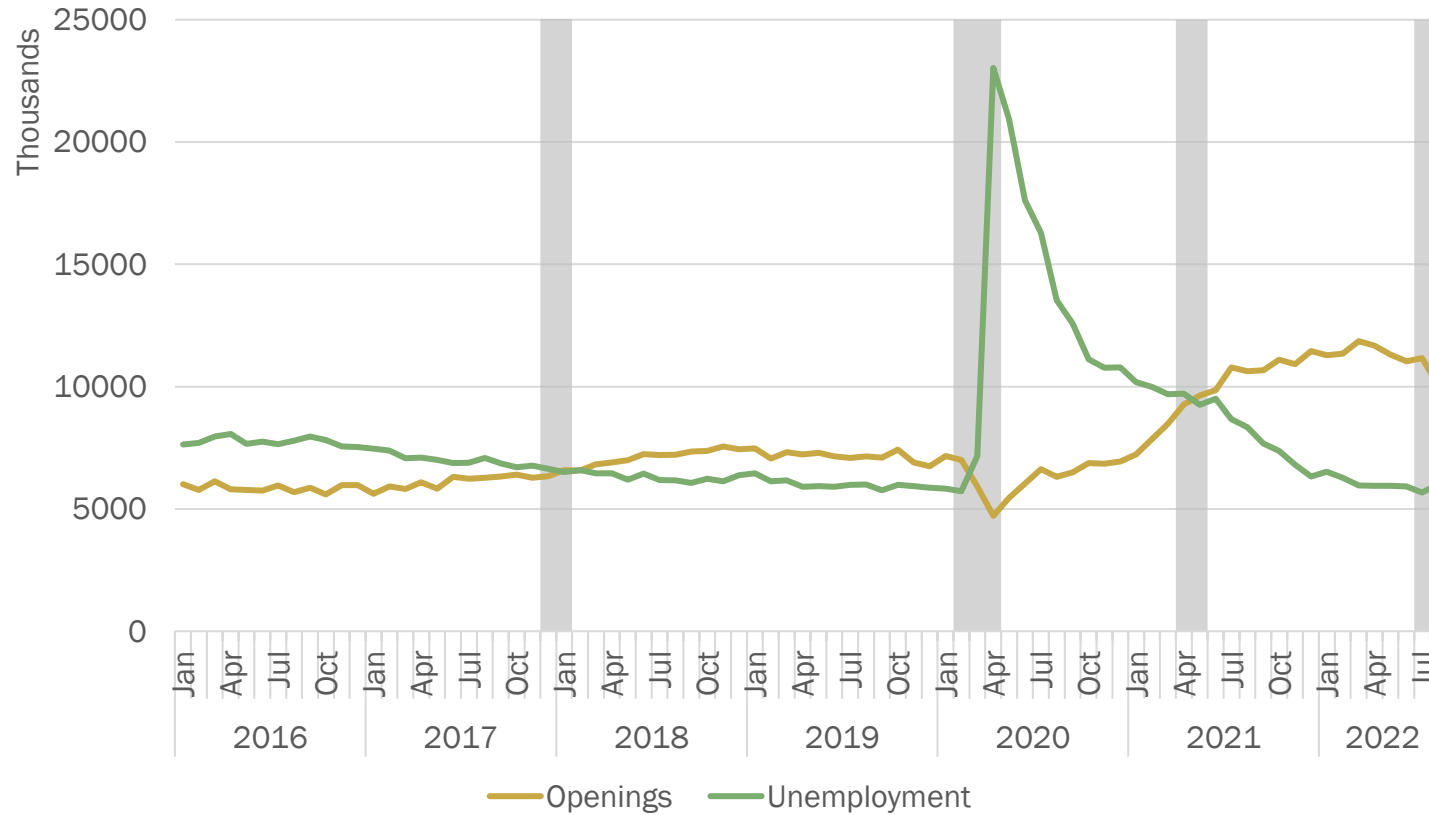
Labor Force



U.S. Bureau of Labor Statistics. Labor Force Statistics from the Current Population Survey.

- The Labor Force is the sum of unemployed and employed persons
- There has been a drop in the labor force since the start of the pandemic
- The labor force is back to the pre-pandemic level, but has not caught up to trend
- Fewer labor force participants results in higher competition for talent, which will result in accelerated wage growth

Job Openings vs Unemployment Level

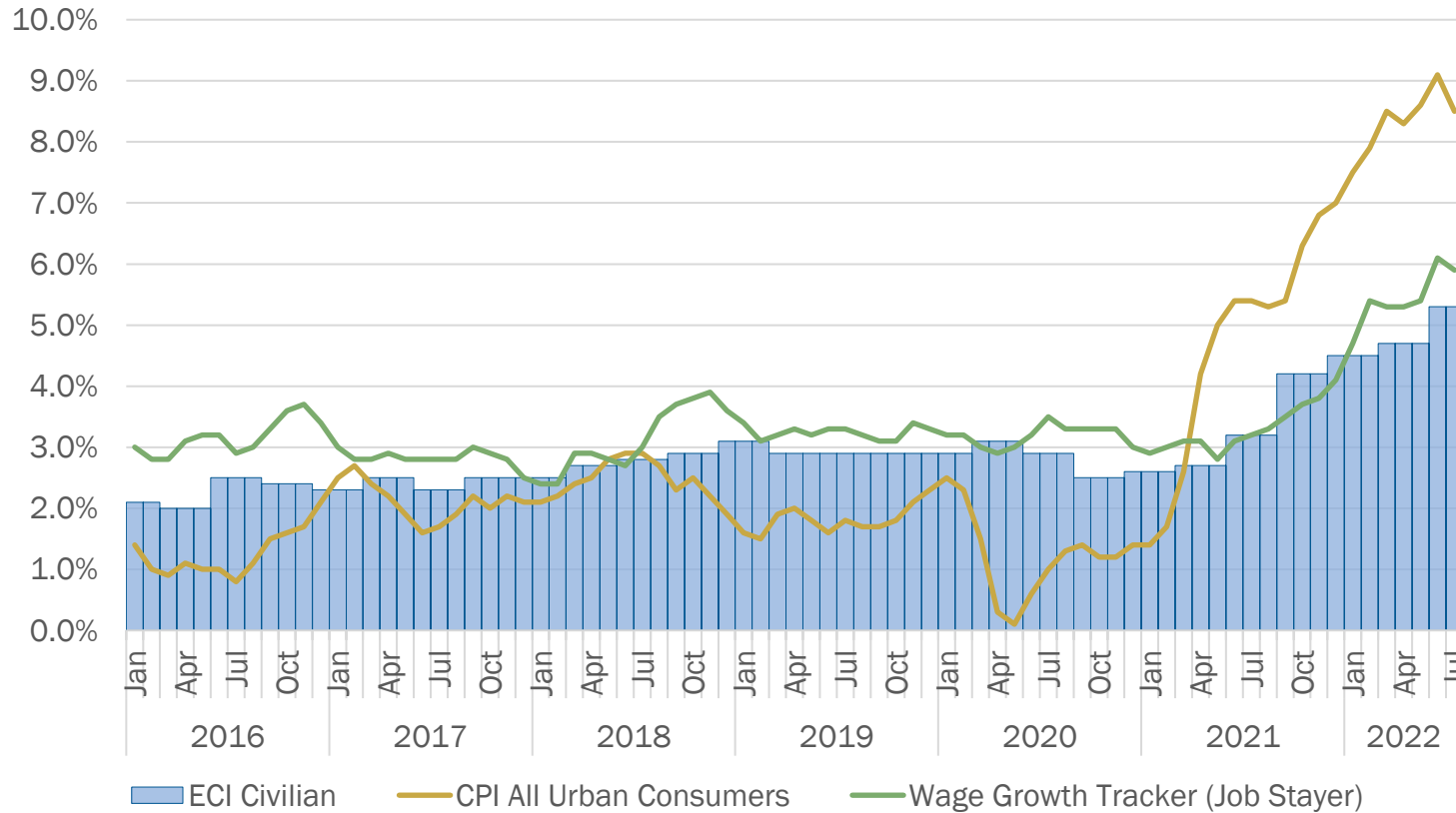


- Comparing job openings to the unemployment level established the supply and demand for labor
- There are currently 1.7 jobs available for each unemployed person

U.S. Bureau of Labor Statistics. Job Openings and Labor Turnover.

U.S. Bureau of Labor Statistics. Labor Force Statistics from the Current Population Survey.

Wages and Inflation



U.S. Bureau of Labor Statistics. Employment Cost Index.

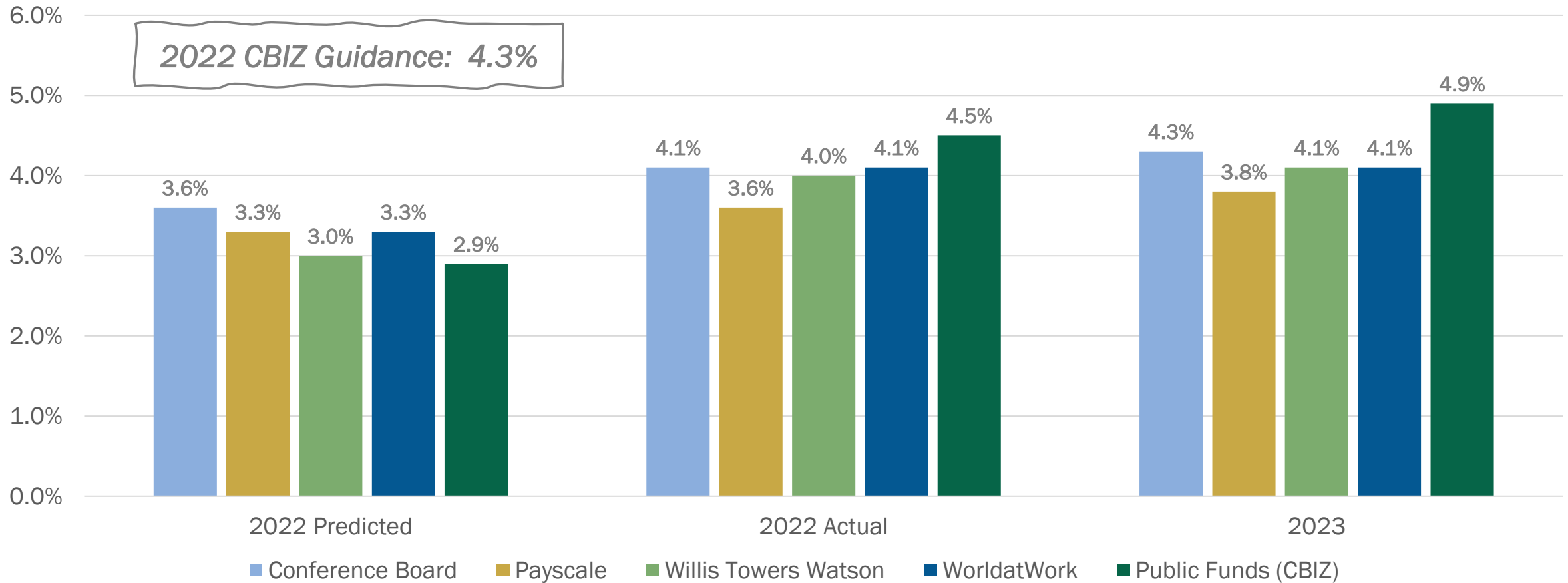
U.S. Bureau of Labor Statistics. Consumer Price Index.

- **Employment Cost Index (ECI)**
 - Measure of the 12-month increase in wages.
 - The civilian data includes public and private workers.
- **Consumer Price Index (CPI)**
 - Inflation. All Urban Consumers.
- **The Wage Growth Tracker**
 - Follows a group of individuals over time.
 - The data here reflects workers who are in the same job over the prior year.
- **CBIZ recommends that salary increases track wage metrics, not CPI/inflation**
- **Typically wages grow faster than inflation**

Salary Increase Guidance



Survey Forecasts (Average)



CBIZ 2023 Guidance

5.3%
Structure
Update

- Tied to ECI
- Broad Measure of Wage movement

6.5% - 8.3%
Salary
Increase
Budget

- Avoid/alleviate pay compression
- Employees need to move through the market range
- Based on typical update-increase spreads

Your Team.

QUESTIONS?

WE'RE HERE TO HELP.

Joe Rice

Director, Compensation Consulting

314.590.4070

jrice@cbiz.com





2022 Market Study Report

Christopher Hanson
Executive Director
November 10, 2022

COAERS Compensation Philosophy

COAERS Personnel Policy establishes the organization's compensation philosophy in section 4.7:

“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.”

Strategic Plan

GOAL 5:
Identify opportunities to capitalize on organizational strengths.

TALENT MANAGEMENT
Recruit and empower a high-performing and engaged workforce.
KEY PERFORMANCE INDICATORS
1 Measure: Market compensation and performance management Target: Alignment with compensation philosophy Frequency: At least every three years (next in 2022)

2022 Market Study Findings and Recommendations

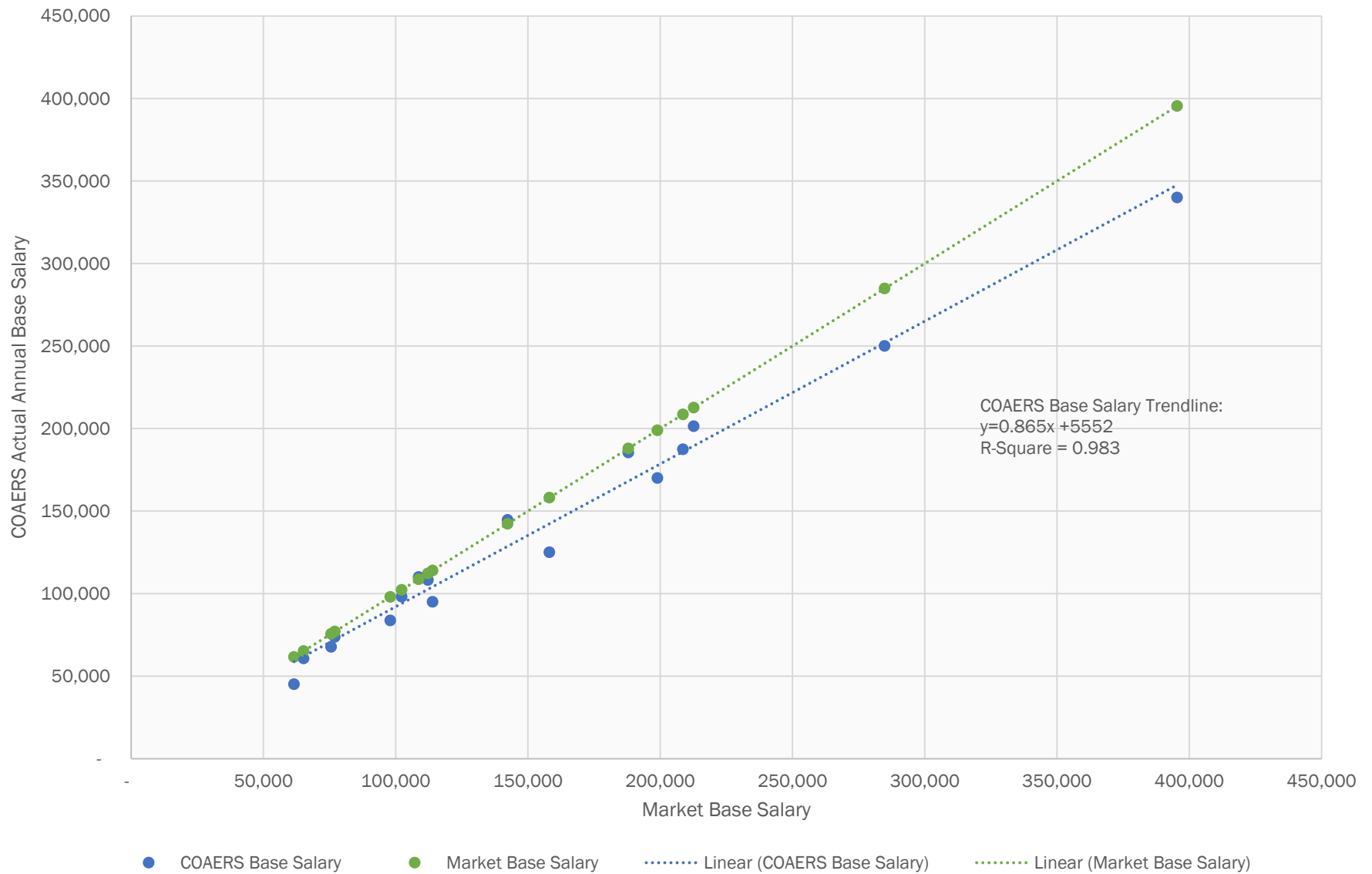
- COAERS' average base salary compa-ratio is 88.0%, indicating that base pay is approximately 12% below the published survey salary data.
- COAERS' average overall total cash compensation compa-ratio is 83.0%, indicating that total cash compensation is approximately 17% below the published survey data.
- In the analysis, no employees are above the maximum ranges. There are four employees below the proposed minimum salary grades.
- Implementing a restructuring of the Member Services division would result in four additional employees being below their respective minimum salary grades.
- Per the CBIZ 2023 Guidance, increase the salary base by 6.5% (ranges nationwide are 6.5% to 8.3%).
- Continue to update structures annually. CBIZ will provide update factors that will allow COAERS to update the recommended salary structures for five years after the 2022 study.
- Continue to conduct a comprehensive market review every three to five years to ensure that ranges remain competitive.

City of Austin Employees Retirement System
 Compensation Study Results
 Total Compensation Analysis
 Data Effective July 1, 2023

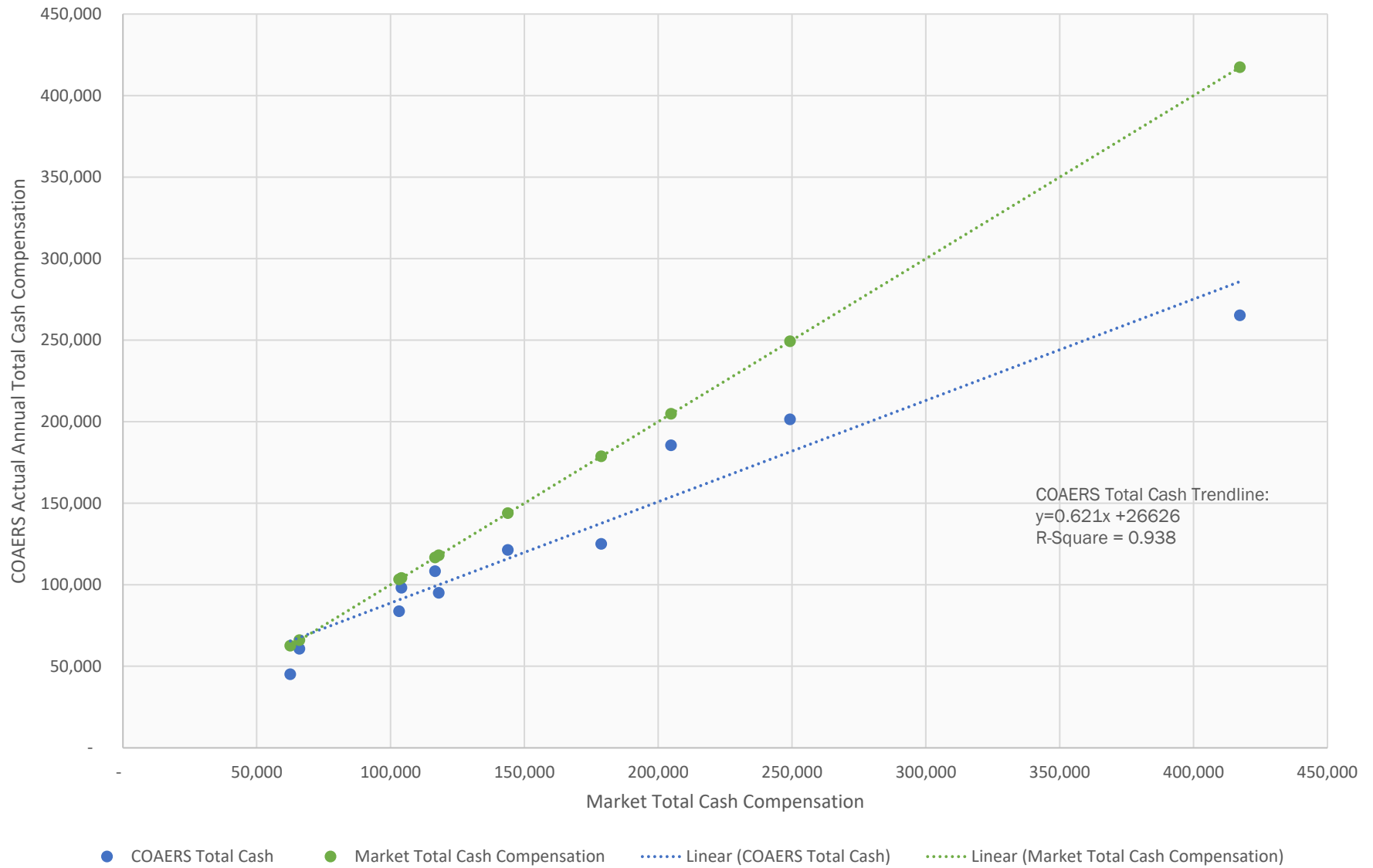


		COAERS Compensation		Market Data		Averages: 88.0%	83.0%
						Compa-Ratio (Actual/Market)	
COAERS Job Title	Department	Annualized Salary	Total Cash Compensation	Market Base	Market Total Cash	Base Salary	Total Cash Compensation
Deputy Executive Director	Administrative	201,406	201,406	212,656	249,279	94.7%	80.8%
Communications Director	Administrative	95,014	95,014	113,979	118,046	83.4%	80.5%
Senior Services Officer	Administrative	83,741	83,741	97,997	103,239	85.5%	81.1%
Executive Assistant	Administrative	73,757	73,757	76,992	78,175	95.8%	94.3%
Administrative Assistant	Administrative	60,674	60,674	65,190	65,975	93.1%	92.0%
Controller	Finance	125,008	125,008	158,126	178,763	79.1%	69.9%
Chief Financial Officer	Finance	170,019	170,019	198,967	229,722	85.5%	74.0%
Accountant III	Finance	110,011	110,011	108,687	114,974	101.2%	95.7%
Chief Information Officer	Information Technology	185,515	185,515	187,968	204,827	98.7%	90.6%
Information Systems Administrator	Information Technology	98,134	98,134	102,266	104,083	96.0%	94.3%
Chief Investment Officer	Investment	340,018	340,018	395,430	430,983	86.0%	78.9%
Deputy Chief Investment Officer	Investment	250,016	250,016	284,849	308,149	87.8%	81.1%
Director, Investment Implementation	Investment	187,450	187,450	208,593	259,767	89.9%	72.2%
Portfolio Manager, Investment Analytics	Investment	144,602	144,602	142,333	150,657	101.6%	96.0%
Benefits Manager	Member Services	108,264	108,264	112,209	116,671	96.5%	92.8%
Member Services Specialist II	Member Services	73,320	73,320	75,586	76,764	97.0%	95.5%
Member Services Specialist II	Member Services	68,931	68,931	75,586	76,764	91.2%	89.8%
Member Services Specialist II	Member Services	60,986	60,986	75,586	76,764	80.7%	79.4%
Member Services Specialist I	Member Services	46,010	46,010	61,578	62,576	74.7%	73.5%
Member Services Specialist I	Member Services	47,237	47,237	61,578	62,576	76.7%	75.5%
Member Services Specialist I	Member Services	43,514	43,514	61,578	62,576	70.7%	69.5%
Member Services Specialist I	Member Services	43,514	43,514	61,578	62,576	70.7%	69.5%

"Exhibit: City of Austin Employees Retirement System Actual Annualized Base Salary Compared to Market Base Salary"



"Exhibit: City of Austin Employees Retirement System Actual Annualized Total Cash Compensation Compared to Market Total Cash Compensation"



City of Austin Employees Retirement System
 Compensation Study Results
 Pay Structure Salary Bands - Draft
 Data Effective July 1, 2023



<i>COAERS Job Title</i>	<i>Minimum</i>	<i>Midpoint</i>	<i>Maximum</i>	<i>Range Spread</i>
Receptionist	\$41,788	\$45,967	\$50,146	20%
Member Services Specialist I	\$55,179	\$62,077	\$68,974	25%
Payroll Specialist	\$56,443	\$63,498	\$70,553	25%
Administrative Assistant	\$58,296	\$65,583	\$72,870	25%
Member Services Specialist II	\$67,711	\$76,175	\$84,639	25%
Executive Assistant	\$68,963	\$77,584	\$86,204	25%
Accountant I	\$73,351	\$82,520	\$91,689	25%
Member Services Specialist III	\$78,740	\$90,551	\$102,362	30%
Accountant II	\$82,546	\$94,928	\$107,310	30%
Senior Services Officer	\$87,494	\$100,618	\$113,742	30%
Communications Specialist	\$89,141	\$102,512	\$115,883	30%
Information Systems Administrator	\$87,808	\$103,175	\$118,541	35%
Accountant III	\$95,175	\$111,830	\$128,486	35%
Benefits Manager	\$97,396	\$114,440	\$131,484	35%
Communications Director	\$96,677	\$116,012	\$135,348	40%
Accounting Director	\$115,852	\$139,022	\$162,193	40%
Portfolio Manager, Investment Analytics	\$122,079	\$146,495	\$170,910	40%
Controller	\$140,370	\$168,444	\$196,519	40%
Chief Information Officer	\$163,664	\$196,397	\$229,130	40%
Chief Financial Officer	\$178,620	\$214,344	\$250,068	40%
Director, Investment Implementation	\$195,150	\$234,180	\$273,210	40%
Deputy Executive Director	\$192,473	\$230,967	\$269,462	40%
Deputy Chief Investment Officer	\$247,083	\$296,499	\$345,916	40%
Chief Investment Officer	\$344,339	\$413,206	\$482,074	40%

2022 Market Study List of Peers

Alaska Permanent Fund Corporation	Oklahoma Police Pension and Retirement System
Arizona State Retirement System	Oklahoma Public Employees Retirement System
Austin Fire Fighters Relief and Retirement Fund	Orange County Employees Retirement System
Austin Police Retirement System	Oregon Public Employees Retirement System
California Public Employees' Retirement System	Pennsylvania State Employees Retirement System
California State Teachers' Retirement System	Public Employee Retirement System of Idaho
City of El Paso Retirement Trust	Public Employees Retirement System of New Mexico
Colorado PERA	Public Employees' Retirement System of Nevada
Contra Costa County Employees' Retirement Association	Public Employees' Retirement System of Nevada
Dallas Police and Fire Pension System	Public Safety Personnel Retirement System
Denver Employees Retirement Plan	Public Schools Retirement Systems of Missouri
El Paso Firemen and Policemen's Pension Fund	San Diego County Employees Retirement Association
Employees Retirement System of Texas	School and Institutional Trust Funds Office
Employees' Retirement Fund of the City of Dallas	School Employees Retirement System of Ohio
Fire and Police Association of Colorado	South Carolina Retirement System Investment Commission
Fort Worth Employees' Retirement Fund	South Dakota Investment Council
Houston Firefighters' Relief and Retirement Fund	State Board of Administration of Florida
Houston Police Officers' Pension System	State of Michigan Retirement System
Idaho Endowment Fund Investment Board	State of New Jersey Pension Fund
Iowa Public Employees Retirement System	State of Wisconsin Investment Board
Jacksonville Police and Fire Pension Fund	State Teachers Retirement System of Ohio
Kansas City Public School Retirement System	State Universities Retirement System
Kansas Public Employees Retirement System	Teacher Retirement System of Georgia
Louisiana School Employees' Retirement System	Teacher Retirement System of Oklahoma
Maine Public Employees Retirement System	Teacher Retirement System of Texas
Maryland State Retirement and Pension System	Teachers' Retirement System of Louisiana
Massachusetts PRIM	Teachers' Retirement System of the State of Illinois
Minnesota State Board of Investment	Tennessee Consolidated Retirement System
Minnesota State Retirement System	Texas County and District Retirement System
Missouri Highway and Transportation Retirement System	Texas Municipal Retirement System
Missouri Local Government Employees Retirement System	Utah Retirement Systems
Missouri State Employees' Retirement Fund	Virginia Retirement System
Montana Board of Investments	Washington State Investment Board
Municipal Employees' Retirement System of Louisiana	West Virginia Investment Management Board
Municipal Employees' Retirement System of Michigan	Wisconsin Department of Employee Trust Funds
Municipal Fire and Police Retirement System of Iowa	Wyoming Retirement System
Nebraska Investment Council	
New Jersey Department of the Treasury, Division of Investment	
New Mexico Educational Retirement Board	
New Mexico Investment Council	<u>For Investments</u>
New York City Employees' Retirement System	Rice University
New York State Common Retirement Fund	Texas A&M Foundation
New York State Teachers' Retirement System	Texas Christian University
North Carolina Retirement Systems	Baylor College of Medicine
Ohio Public Employees Retirement System	Rainwater Charitable Foundation

Proposed Salary Budget for 2023

2023 Budget Request	
2022 Payroll	\$2,971,584
Base Increase of 6.5%	\$ 175,315
Market Adjustments	\$ 75,000
MS Restructure	\$ 60,000
Total	\$3,281,899
Increase	\$ 310,315
Percent Increase	10.44%

5. Discuss and consider Board Governance Manual

Presented by Christopher Hanson

AGENDA ITEM 5:
Discuss and consider Board Governance Manual

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to review an updated 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.**

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.

Goal 4 of the 2022-2026 Strategic Plan listed the creation of a Board Governance Manual as an action item for 2022. The Committee reviewed an initial draft of the Governance Manual at its August meeting. The Board discussed key elements of the draft Governance Manual at its October Workshop. This agenda item is intended for the Committee to review changes made to the draft manual incorporating the feedback from the October Board Workshop.

ATTACHMENT

1. Draft 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.

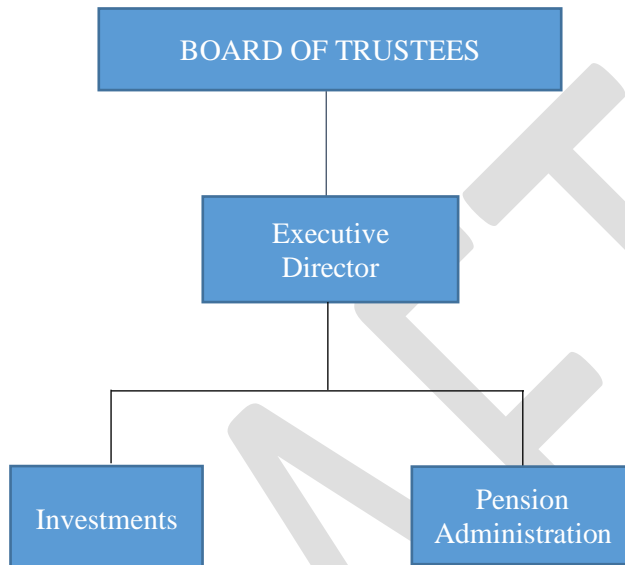
II. GOVERNANCE PRINCIPLES

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. Mission-driven action
3. A high level of professionalism and preparation
4. Focus on the future
5. Proactivity
6. Encouragement of collegiality
7. Civility and courtesy
8. Respect for diversity, valuing all input
9. Governance by consensus
10. In cooperative partnership with COAERS management
11. Ethical conduct of Board business

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 Diversity Policy

Presented by Christopher Hanson

AGENDA ITEM 6:
Discuss and consider Diversity Policy

AGENDA ITEM OBJECTIVE

This agenda item is intended for the Committee to conduct its annual review of the Board Diversity Policy.

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 BOARD ACTION

Staff recommends the Committee refer the proposed revisions of the Diversity Policy changes to the Board for approval.

BACKGROUND

As part of its 2020 Governance Effectiveness Assessment, the Board developed and adopted a Diversity Policy. The policy is required to be reviewed annually by the Governance and Human Resource Committee. Staff has conducted a review and suggested technical edits to the Policy.

ATTACHMENT

1. Draft Diversity Policy



Board Approved Policy

Subject: Diversity

Review Committee: Governance and Human Resources

Date Implemented: June 29, 2021

Date Updated: ~~N/A~~ December 15, 2022

Signature of Chairperson:

Chris Noak

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

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 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.

RESPONSIBILITIES

- A. The Board of Trustees: The Board will periodically assess the expertise, experience, skills, and backgrounds of its ~~trustees~~ 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, ~~and~~ and actively communicates the virtues and intent of this policy, ~~and~~ and advocates for its full observance and adoption.
- In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity, ~~including~~ including, but not limited to, ~~those~~ 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.

7. Review 2022 Work Plan and discuss development of 2023 Work Plan

Presented by Christopher Hanson

AGENDA ITEM 7:
Review 2022 Committee Work Plan and
discuss development of 2023 Committee Work Plan

AGENDA ITEM OBJECTIVE

This agenda item is for the Committee to review the work done by the Committee in 2022 and discuss the development of the 2023 Committee Work Plan.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and Implement Best Practices**. It is an industry best practice to establish and review Committee work plans.

RECOMMENDATION FOR BOARD ACTION

At the Committee's discretion.

ATTACHMENTS

1. 2022 Committee Work Plan
2. Draft 2023 Committee Work Plan

2022 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
 - ✓ Board Governance Manual
 - ✓ Diversity Policy
 - ~~Executive Director evaluation policy/procedure~~
 - ✓ 2023 Committee Work Plan

2023 Governance and HR Committee Work Plan

Scheduled Quarterly Meetings

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

DRAFT

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.