November Governance and HR Committee

Schedule	Thursday, November 9, 2023 1:00 PM — 1:30 PM CST
Venue	6850 Austin Center Blvd., Suite 320, Austin, TX 78731
Organizer	Sarah McCleary

Agenda

1. Call roll of Committee members — 1
   Presented by Committee Chair Sinclair

   📄 Item #1 Summary.docx — 2

2. Review order of business and establish meeting objectives — 3
   Presented by Committee Chair Sinclair

   📄 Item #2 Summary.docx — 4

3. Consider approval of the August 31, 2023 Governance and HR Committee minutes — 5
   Presented by Brad Sinclair

   📄 Item #3 Summary.docx — 6

   📄 2023 08 31 Governance and HR Committee Minutes.docx — 7

   Vote Approval of the August 31, 2023 Governance and HR Committee minutes
   0 Yes   0 No   0 Abstain   5 Pending

4. Discuss and consider Education Policy — 9
   Presented by Brad Sinclair

   📄 Item #4 Summary.docx — 10

   📄 04 Proposed Revisions to Education Policy.pdf — 11

Vote — 17

   Vote Refer the Education Policy to the full Board for approval.
   0 Yes   0 No   0 Abstain   5 Pending

1. Call roll of Committee members

Presented by Committee Chair Sinclair

COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 1:
Call roll of Committee members

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

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

2. Review order of business and establish meeting objectives

Presented by Committee Chair Sinclair

COMMITTEE MEETING
Agenda Item Information Sheet

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 Board Education Policy.
2. The Committee will review the work done by the Committee in 2023 and discuss the development of the 2024 Committee Work Plan.

3. Consider approval of the August 31, 2023 Governance and HR Committee minutes

Presented by Brad Sinclair

COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 3:
Consider approval of the August 31, 2023 Governance and HR Committee minutes

AGENDA ITEM OBJECTIVE
This standing agenda item seeks approval of the minutes from the prior Governance and HR Committee meeting.

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

RECOMMENDATION FOR COMMITTEE ACTION
Staff recommends approval of the minutes of the August 31, 2023 Governance and HR Committee meeting.

ATTACHMENT
1. Draft minutes of August 31, 2023 Governance and HR Committee meeting

COAERS

—— CITY OF AUSTIN ——
EMPLOYEES' RETIREMENT SYSTEM

MINUTES

GOVERNANCE and HR COMMITTEE
Public Meeting held in person and videoconference

On August 31, 2023 at 11:00 a.m. CT

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

1 Call roll of Committee members

Committee Chair Brad Sinclair called the meeting to order at 11:01 a.m. The following Committee members were present in person: Benson, Sinclair, Crook, and Liu. The following Committee member was present via videoconference: Noak.

2 Review order of business and establish meeting objectives

Committee Chair Sinclair reviewed the order of business and objectives with the Committee. There were no changes to the order of business for the meeting. Committee Chair Sinclair asked if there were any members of the public who wished to speak, either now or during an agenda item. There were no comments.

3 Consider approval of the June 15, 2023 Governance and HR Committee minutes

Committee Chair Sinclair asked Trustees to review the minutes. Ms. Kelly Crook moved to approve the June 15, 2023 Governance and HR Committee minutes as presented. Mr. Michael Benson seconded, and the motion passed 4-0 with Ms. Yuejiao Liu abstaining.

4   Discuss and consider Diversity Policy

Mr. Christopher Hanson presented the Diversity Policy to the Committee as part of its annual review cycle. Ms. Liu moved to refer to the Board for approval of the Diversity Policy as presented. Mr. Benson seconded, and the motion passed unanimously.

5   Discuss and consider Code of Ethics Policy

Mr. Christopher Hanson presented the Code of Ethics Policy to the Committee. Mr. Hanson reported that proposed changes included language to codify the Policy's review cycle every two years coinciding with the regular Legislative Session, and language to include training on the Waste, Fraud, and Abuse policy. Ms. Crook moved to refer to the Board for approval the Code of Ethics Policy as presented. Ms. Liu seconded, and the motion passed unanimously.

6   Discuss and consider Emergency Succession Policy

Mr. Christopher Hanson presented the Emergency Succession Policy to the Committee as part of its annual review cycle. Mr. Hanson noted that the only proposed change was related to a job title listed in the Policy. Mr. Hanson inquired as to whether Trustees believed the Policy should continue to keep an annual review cycle and Trustees agreed on an annual review cycle.

Ms. Crook moved to refer to the Board for approval of the Emergency Succession Policy as presented. Mr. Benson seconded, and the motion passed unanimously.

7   Review key meeting takeaways and call for future agenda items

Committee Chair Sinclair summarized the actions taken and information discussed at the meeting and provided an opportunity to add future agenda items.

As there were no other items to be discussed, the meeting adjourned at 11:15 a.m.

4. Discuss and consider Education Policy

Presented by Brad Sinclair

COAERS

COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 4:
Discuss and consider Education Policy

AGENDA ITEM OBJECTIVE
This agenda item is for the Committee to review proposed revisions to the Education 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 COMMITTEE ACTION
Staff recommends the Committee refer to the Board for adoption the proposed revisions to the Education Policy.

BACKGROUND
The Board first adopted the Education Policy in 2017. When the Policy was created, Board education was the responsibility of the Policy Committee. Since then, the Board has created the Governance and Human Resources Committee and charged the Committee with Board education matters. The review of the Board's Education Policy is on the Committee's work plan for 2023. Staff will review proposed revisions with the Committee.

ATTACHMENT
1. Proposed revisions to Education Policy

COAERS

CITY OF AUSTIN
EMPLOYEES' RETIREMENT SYSTEM

Board Approved Policy

Subject: Education

Review Committee: Governance and HR

Date Implemented: December 12, 2017

Date Updated: December 19, 2023

Signature of Chairperson: _____

~~Chris Noak~~Yuejiao Liu

CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD APPROVED POLICY
EDUCATION POLICY

I.   PURPOSE

This Education Policy is established to:

- Support the ability of the COAERS Board of Trustees to carry out their fiduciary duty;

- Promote COAERS Staff education and professional development;

- Provide a framework to assist Trustees and Staff as they develop knowledge and skills in order to be the most effective;

- Improve the knowledge, expertise and functioning of the COAERS organization overall; and

- Establish the roles and responsibilities of Trustees, management, and staff relating to education.

By design, individuals come to COAERS with different backgrounds and experiences. This Education Policy is not intended to serve as a one-size-fits-all model, but is instead designed to serve as a catalyst for each individual's development and advancement to best serve the members of the System.

"Educational Activity" for purposes of this Education Policy includes any substantive educational activity, such as conferences, seminars, accredited courses, workshops, on-line training and self-study programs, and shall include educational sessions provided by or incorporating the work of COAERS staff.

II. ROLES AND RESPONSIBILITIES

A. COAERS Board of Trustees:

- Shall determine the type of training and education available to Trustees.

- Shall approve the budget for Trustee and Staff educational activities.

- Shall comply with the minimum education requirements established by the State of Texas.

- Shall assign responsibility to the ~~Policy~~ Governance and Human Resources Committee to review this policy and oversee its implementation.

B. Board Chair:

- Shall be authorized to make exceptions to this policy which shall be reported at the next Board meeting.

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- Shall review and approve Executive Director's educational activities.

C. ~~Policy~~ **Governance and Human Resources Committee:**

- Shall ~~periodically~~ review and update this policy at least every three years,~~as necessary~~.

- Shall make recommendations to the Board for pre-approval for certain specified self-study courses that meet the requirements of this policy.

D. Executive Director:

- Shall review and approve all proposed educational activities for COAERS Staff.

- Shall inform Trustees of educational activities that meet the criteria of this policy.

- Shall periodically, and as requested, inform Trustees of compliance with State educational requirements.

- Shall propose the budget for Trustee and Staff educational activities for Board approval.

- Shall organize the ~~trustee~~ Trustee orientation as provided for in this policy.

- Shall work with each Trustee to develop customized educational plans.

- Shall submit to the Board an annual professional development plan as part of the Executive Director evaluation process.

E. Executive Assistant:

- Shall work with Trustees and Staff on registration; coordinate and make travel arrangements.

- Shall monitor Trustee compliance with State requirements and inform Executive Director periodically.

III. GUIDELINES

A. Trustees

Trustees may participate in educational activities that meet the following criteria:

(a) The topic is relevant to the Trustee's fiduciary responsibility;

(b) The activity will benefit the Board and Trustee in the exercise of COAERS responsibilities; and

(c) All trustees would be eligible to participate in the educational activity.

Selection of specific educational activity rests with the individual Trustee as long as the activity meets the requirements of this section. Trustees may ~~attend~~ not

travel more than two twice for out-of-state educational activities per calendar year. ~~The Executive Director is available to assist Trustees in selecting appropriate educational activities.~~ Trustees may not participate in educational activities where travel expenses (lodging and air transportation) are paid by the sponsoring organization, unless the trustee will be a presenter ~~or~~, is an officer in the organization, or an exception to this restriction ~~may be~~is made by the Board Chair.

B. Staff

Staff ~~are encouraged to~~shall participate in educational activities that are relevant to their day-to-day duties and that benefit their professional development as well as the System. Annually, managers, in coordination with each staff member of their team, will create a professional development plan for that staff member for the year. Approval of specific educational activity rests with the Executive Director. Each manager will work with the Executive Director to ensure appropriate budgeted funds are available to accommodate as many staff members professional development plans as possible.

The Executive Director's educational activities are to be reviewed and approved by the Board Chair. Staff may not participate in educational activities where travel expenses (lodging and air transportation) are paid by the sponsoring organization, unless the staff member will be a presenter ~~or~~, is an officer in the organization, or an exception to this restriction ~~may be~~is made by the Board Chair.

IV. STATE MINIMUM EDUCATIONAL TRAINING PROGRAM

State rules require that all Trustees and the Executive Director meet the requirements established by the Pension Review Board (PRB) through their Minimum Educational Training (MET) Program[1]. The MET Program requirements are:

- <u>New</u> trustees and administrators are required to take a minimum of seven hours of training within the first year of service. The seven hours must include training in all seven core content areas (see below). No less than half a credit hour and no more than two credit hours may be earned in any one core content area. The core training is designed to cover the fundamental competencies of public pensions necessary for trustees and administrators to successfully discharge their duties.

- <u>Continuing</u> trustees and administrators need to take a minimum of 4 hours of training every 2 years after the first year of service. These hours may be core or non-core topics.

Core content areas include fiduciary matters, governance, ethics, investments, actuarial matters, benefits administration, and risk management. Non-core content areas may also include compliance, custodial issues, legal and regulatory matters, pension accounting, plan administration, the Texas Public Information Act, and the Texas Open Meetings Act.

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[1] Texas Administrative Code Title 40, Part 17, Chapter 607.

MET training must be either taken from an accredited sponsor or an approved course from a non-accredited sponsor. COAERS is currently an accredited sponsor under the MET program and in-house training provided to trustees may count towards the fulfillment of the State requirements. Staff will log Trustee attendance at educational activities, track the number of hours of educational activity each Trustee attends, and assist Trustees in meeting the MET requirements.

Candidates for Trustee positions may attend State minimum core content training if such training meets the requirements of Title 40, Part 14, Chapter 607 of the Texas Administrative Code.

In the event of a conflict between this policy and state law governing MET Program Requirements, state law shall control.

V.   NEW TRUSTEE ORIENTATION

New Trustees should attend Trustee Orientation within the first three months of taking their oath of office. Trustees who have previously served in a non-consecutive term on the Board are encouraged to attend the Orientation to familiarize themselves with changes to the system that ~~will~~ have taken place during their absence. Trustee Orientation will be structured to provide ~~include, at a minimum, all of~~ the following:

- Executive Director Briefing: The Executive Director will ~~brief new Trustees on the history and background of COAERS.~~ provide the Trustee with information and tools to perform their duties. The Executive Director will discuss relevant and topical aspects of the plan with respect to the following: Ethics, Investments, Actuarial, Governance, Financial Operations, Plan Operations, and Risk Management.

- Board Chair Briefing: The Board Chair will brief new Trustees on current issues before the Board.

- General Counsel Briefing. The Board's General Counsel will provide the Trustee with information about their fiduciary responsibilities and update the Trustee on current legal matters regarding the plan.

- Executive Management Introduction: New Trustees will be introduced to members of executive management.

- Orientation Materials: New trustees will have access to key plan documents including ~~be provided~~ the following ~~materials~~:

   (a) COAERS Governance Manual;

   _____

   (c) Strategic Plan;

   ~~(b)~~(d) Most recent ~~CAFR~~ ACFR, ~~and~~ actuarial valuation and other related actuarial reports; and

   ~~(c)~~(e) Any other relevant information or documents deemed appropriate.

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(b) COAERS Board Policy Handbook;

Trustees are required by law to complete Open Meetings Act training within 90 days of taking the oath of office. The Attorney General's Office has developed an online video that can be used to satisfy the requirement. A certificate of course completion is available for those who use this method for the required training. This certification of completion should be kept on file with the Executive Assistant. Trustees must also complete training as required by Board Approved Policy C-3 *Code of Ethics* within 90 days of taking the oath of office. Staff will coordinate training opportunities for new Trustees to meet these requirements.

VI. BUDGET AND REPORTING

An annual budget for educational activities (including travel expenses, such as transportation, lodging and per diem) will be established to cover expenditures incurred pursuant to this Education Policy. Trustees may be reimbursed for publications and self-study courses related to their duties as trustee upon approval by the Board of Trustees. The Board may make a blanket pre-approval for certain specified self-study courses that meet the requirements of this policy or may make individual determinations. The Executive Director will report the annual budget and expenditures against the budget to the Audit & RiskPolicy Committee at least annually.

Vote

5. Review 2023 Committee Work Plan and discuss development of 2024 Committee Work Plan

Presented by Committee Chair Sinclair

COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 5:
Review 2023 Committee Work Plan and
discuss development of 2024 Committee Work Plan

AGENDA ITEM OBJECTIVE
This agenda item is for the Committee to review the work done by the Committee in 2023 and discuss the development of the 2024 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. 2023 Committee Work Plan
2. Draft 2024 Committee Work Plan

2023 Governance and HR Committee Work Plan

Scheduled Quarterly Meetings

1. June meeting
    - ✓ Election Policy
    - ✓ Trustee Training Plans
    - ✓ Governance Manual

2. August meeting
    - ✓ Diversity Policy
    - ✓ Code of Ethics
    - ✓ Emergency Succession

3. November meeting
    - ✓ Education Policy
    - ✓ 2024 Committee Work Plan

2024 Governance and HR Committee Work Plan

Scheduled Meetings

1. March meeting
   - Board Bylaws
   - Appointments to Fill Unexpired Terms Policy
   - Election Policy

2. August meeting
   - Emergency Succession Policy
   - Diversity Policy

3. November meeting
   - Committee Charter
   - 2025 Work Plan

Governance and HR Committee
November 9, 2023

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

Presented by Christopher Hanson

COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 6:
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.