



# City of Austin

## Police Retirement System

M I N U T E S  
REGULAR MONTHLY BOARD MEETING  
Wednesday, July 12, 2017

Location: Kendall Thomas, Chesley Wood Building, 2520 South I.H. 35, Ste. 100, at the Police Pension Office.

Board Members Present

Jim Beck, Chair  
Andrew Romero, Vice Chair  
Art Alfaro  
Keith Harrison  
Mike Jung  
Tyler Link  
Todd Smith  
Chesley Wood  
Carl Zimmerman

Consultants Present

Mark Harkrider  
Brad Heinrichs  
Stu Kaufman

Others Present

Staff Present

Pattie Featherston  
Stephanie Willie  
Michelle Ruland  
John Poth  
Rose Frank  
Nick Kim

Board Members Absent

Elaine Hart  
Kathie Tovo

Chair Jim Beck called the meeting to order at 11:30 a.m.:

1. Minutes of the Regular Board Meeting held on May 17, 2017

**Motion by Carl Zimmerman to approve the minutes of the May 17, 2017, meeting as presented. Motion seconded by Art Alfaro. Motion passed.**

2. Report of Membership Transactions for May and June 2017  
The report for June was delayed to the next Board meeting.

CONFIDENTIAL MATERIAL

- A. New Retired Members for May 2017
- B. FWD DROP Activity for May 2017
- C. PROP Disbursement(s) for May 2017
- D. Service Credit Purchases for May 2017
- E. Retiree Survivor & Death Benefit Payments for May 2017

**Motion by Mike Jung to approve the reported Membership Transactions for May 2017 as presented. Motion seconded by Keith Harrison. Motion passed.**

**Items to Discuss For Consideration and Possible Action:**

3. Goals and Objectives Committee Report
  - A. Disability Policy
  - B. QDRO Policy and Model QDRO
  - C. Unclaimed Benefits
  - D. Five Year Forward DROP Policy
  - E. Seven Year Forward DROP Policy
  - F. Internal Control Policy

**Motion by Keith Harrison to approve all the policies as recommended by the Goals and Objectives Committee. Motion seconded by Todd Smith. Motion Passed.**

- G. Training, Education and Site Visit Reports for April and May 2017

4. Actuary Presentation on Assumptions for 2016 Actuarial Valuation

Brad Heinrichs with Foster & Foster presented to the Board the Actuarial Assumptions and Methods report. Mr. Heinrichs provided a summary of recommended changes.

**Motion by Andrew Romero to accept Foster & Foster's recommendations to change the following actuarial assumptions:**

- Investment Rate of Return from 7.8% to 7.70%
- Salary Increases / Wage Inflation from 3.5% to 3.25%
- Payroll Growth from 3.5% to 4.0%.

**Motion seconded by Mike Jung. Motion passed.**

**Motion by Chesley Wood to reduce the smoothing period for recognition of investment gains or losses from five years to four years. Motion failed to receive a second.**

Mr. Heinrichs also presented to the Board an Optional Payment Form Benefit Analysis. This review looks at current reduction factors used for the calculation of survivor benefit options. A comparison was provided between current factors and updated factors.

The Board requested a legal opinion as to whether the Board can change the current factors and any other legal implications, which will be presented at a future Board meeting.

5. System Office Report

A. Treasury Report

The Treasury Reports for April and May 2017 were provided to the Board.

**Motion by Andrew Romero to accept the Treasury Reports for April and May 2017. Motion seconded by Art Alfaro. Motion passed.**

B. Review of Legislation

Mark Harkrider provided a recap of the latest list of pension bills and discussed the Governor's Called Special Session beginning July 18.

C. Executive Director Report

Pattie Featherston reported that a new tenant is moving in to Suite 102, and long-time tenant Statewide Patrol moved out at the end of June. A new exterior building sign was installed along with various lobby improvements.

Art Alfaro and Pattie Featherston conducted a site visit by attending the Client Conference of Franklin Park, the recently selected manager for private equity. Both indicated their review was very positive.

6. Adjournment

Chair Jim Beck adjourned the meeting at 1.47 p.m.

  
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Jim Beck, Chair