



# City of Austin

## Police Retirement System

### M I N U T E S

#### REGULAR MONTHLY BOARD MEETING

Wednesday, August 15, 2018

Location: Kendall Thomas, Chesley Wood Building, 2520 South I.H. 35.

#### Board Members Present

Jim Beck, Chair  
Keith Harrison  
Thomas Hugonnett  
Tyler Link  
Todd Smith  
Belinda Weaver  
Chesley Wood  
Carl Zimmerman

#### Consultants Present

Chuck Campbell  
Mark Harkrider  
John Breth  
Peter Brown  
Archie Montemayor  
Lewis Wart  
Ryan Falls

#### Others Present

Ken Casaday

#### Staff Present

Pattie Featherston  
Stephanie Willie  
John Poth  
Michelle Ruland  
Rose Frank

#### Board Members Absent

Andrew Romero, Vice Chair  
Elaine Hart  
Kathie Tovo

#### I. Call to Order and Roll Call

Chair Jim Beck called the meeting to order at 11:45 a.m. and roll call was taken.

#### II. Consent Agenda

##### A. Minutes of the Regular Board Meeting held on July 11, 2018

**Motion was made by Carl Zimmerman to approve the minutes of the July 11, 2018, meeting as presented. Motion was seconded by Keith Harrison. Motion passed.**

##### B. Approval of Membership Transactions for July 2018

CONFIDENTIAL MATERIAL

1. New Retired Members
2. FWD DROP Activity
3. PROP Disbursement(s)
4. Service Credit Purchases
5. Retiree Survivor & Death Benefit Payments

**Motion was made by Carl Zimmerman to approve the reported Member Transactions for July 2018 as presented. Motion was seconded by Todd Smith. Motion passed.**

C. Treasury Report for June 2018

Executive Director Pattie Featherston reviewed the monthly Treasury report.

**Motion was made by Tyler Link to approve the Treasury report for June 2018 as presented. Motion was seconded by Todd Smith. Motion passed.**

D. Training, Education and Site Visits Report through July 2018

The Board reviewed the report as presented. No Board action was needed.

III. Report of the Quarterly Investment Committee (Discussion and Possible Action)

- A. Second Quarter Performance Review & Rebalancing
- B. Monthly Flash Report
- C. Status Update

Committee Chair Todd Smith provided an overview of the committee meeting. AndCo Consulting reported on the second quarter performance and recommended placing two managers on watch, Seizert and Westwood. The consultant also recommended fully redeeming Double Eagle on December 31.

**Motion was made by Todd Smith to place Seizert and Westwood on watch. Motion was seconded by Chesley Wood. Motion passed.**

Upon recommendation by the consultation, motion was made by Todd Smith to move the \$10 million already scheduled for redemption on September 30 from Double Eagle to allocations of \$5 million to Orleans and \$5 million to Blackrock. Motion seconded by Tyler Link.

IV. Approval of the Contract with the System Auditor (Discussion and Possible Action)

**Motion was made by Keith Harrison to approve the contract with the System Auditor, Montemayor Britton and Bender. Motion was seconded by Tyler Link. Motion passed.**

V. Report of the Fiscal Year 2017 Audit -- Montemayor Britton Bender PC (Discussion and Possible Action)

Archie Montemayor presented to the Board the firm's findings for the Fiscal Year 2017 audit. The auditor issued a favorable non-qualified opinion.

- VI. Consideration of the 2017 Annual Financial Report  
(Discussion and Possible Action)

**Motion was made by Keith Harrison to approve the audited 2017 Annual Financial Report as presented. Motion was seconded by Chesley Wood. Motion passed.**

- VII. Presentation by the System Actuary -- Gabriel, Roeder, Smith & Co. (Discussion and Possible Action)

A. 2017 Actuarial Valuation

The System actuary, Gabriel, Roeder, Smith & Co. presented the final 2017 Actuarial Valuation. Results include a 65.8% funded ratio and 35 years to amortize the unfunded liability.

**Motion was made by Todd Smith to approve the 2017 Actuarial Valuation. Motion was seconded by Tyler Link. Motion passed.**

B. Actuarial Experience Study

The actuary explained the scope of an experience study and the fact that it is required by law. Discussion ensued regarding the best timing for conducting the study.

**Motion was made by Tyler Link to instruct the actuary to conduct the Actuarial Experience Study as soon as possible, notably using data sets as of December 31, 2017, with authorization for the Executive Director to pay the cost of the study as needed even if it exceeds the current year budget for actuarial services, pursuant to the costs identified in the actuary's RFP response earlier this year. Motion was seconded by Tom Hugonnett. Motion passed.**

- VIII. Interest Rate for Post Retirement Option Plan (PROP) and the Five-Year Forward Deferred Retirement Option Plan (DROP) (Discussion and Possible Action)

The Executive Director provided a historical chart regarding PROP, including past interest rates paid on accounts compared to the investment returns for each year.

**Motion was made by Todd Smith to continue the PROP and Five-Year Forward DROP interest at 2.25%. Motion was seconded by Chesley Wood. Keith Harrison and Carl Zimmerman abstained. Motion passed.**

- IX. Legal Counsel Training and Discussion Related To System Communication Best Practices

Attorney Chuck Campbell presented to the Board of Trustees remarks and advice on best practices for Board and System

communication, advising Trustees to use caution in their individual communication about System matters and Board actions. No Board action was needed.

X. Executive Director Report (Discussion)

The Executive Director reminded Trustees about upcoming training opportunities and likely topics of the Board meetings for the remainder of the year.

XI. Adjournment

Chair Beck adjourned the meeting at 1:15 p.m.



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Jim Beck, Chair