

Audit and Finance Committee Meeting Transcript – 03/05/2018

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>> Troxclair: Good morning and welcome to the March meeting of the audit and finance committee. It's 9:39 and we're going to get started. The first item on the agenda is approval of the minutes from the January 24th meeting. Have you had a chance to review the minutes? There is a motion and second. All those in favor? That passes unanimously. The mayor is not here yet, but I think he's joining us, and thank you to councilmember alter for joining us even though -- are you officially -- even though you are not quite official quite yet. We appreciate your participation. Okay. Item number 2, citizens communication. I don't see anybody signed up. Did I miss anybody? Okay. Then we'll move on to item number 3 which is on-call utilization audit that looked at whether the city is using on-call efficiently. >> The audit was managed and they are here to make the presentation. One more. There you go. >> All right. Well, good morning, mayor, mayor pro tem and councilmembers. Thank you. To give some background, some employees are required to be placed in on-call status. This means an employee's place in an in on-call others are not. In fiscal year 2016 we identified over 2200 employees that were place on on-call status. 59% received the on-call

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stipend totaling an estimated \$1.4 million. Employees can be called back to work outside scheduled work hours. Call-back employees are typically paid one and one-half times the normal pay rate. Call-back work paid nearly \$5.1 million in fiscal year 2016. We found that on-call and call-back assignments are good [inaudible] Each area in more detail on the following slides. For the first part we noticed the citywide procedure was last updated in 2001. Due to the fact this procedure has not been updated in the last 17 years, it may not consider or address current work environment and has not kept pace with advances in technology or work options such as remote working. We also found that there's limited

communication or direction from and to the human resources department. We contacted representatives in the four Texas cities shown on this slide. We found that Austin is the only city paying employees for on-call assignments, but most cities reported paying employees for call-back time worked. For the last part of the finding, we found city management has provided inconsistent oversight and lacks information to know whether the city's practices are appropriate or whether they spend more resources than necessary to achieve operational needs. We selected six departments listed on this slide for review and found that they did not consistently follow all citywide or internal procedures, receive appropriate approvals, document assignments, notify employees of job duties and use only approved time codes to track time and cost

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information. These six departments account for 88% of total dollars spent and 84% of affected employees. We issued three recommendations to the human resources department detective to coordinate with affected departments, revise the procedure based on feedback and improve oversight of the process. Management has agreed with our recommendations. This concludes my presentation and I'm happy to answer any questions. >> Troxclair: Members, any questions? >> [Inaudible] >> Troxclair: Is there a response from staff, management? >> Hi, Rebecca Kennedy with the human resources department. As mentioned there were three recommendations and we concurred with all of them. We will begin to look at our procedure as currently written to see where we can create some efficiencies, make sure that it's up to date looking at all the technology that we now have available to us, and we will make those recommendations working with departments to ensure that it's consistently applied and that Williamson Creek do know the employees and the job classifications that are receiving the on-call and call-back. >> Troxclair: Thank you. Mayor pro tem. >> Tovo: Does that response mean that you'll be looking at each one of these individuals and potentially some of them will get off on-call status? Sue potentially we would like to look at job classifications. When he with looked back and looked at the procedure, they should be done by classifications so we want to make sure the people who should be getting the stipends are and there may have been some that were put on there just because there's been what appears to be a lack of clarity over the years and just make sure that things are more clear

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to the department so they know who should be receiving the stipend and who should not. That may mean some people stop receiving the stipend. >> Tovo: I guess given some other cities in Texas don't use on-call style stipends but probably have similar responsibilities for challenges when employees need to come in and work outside regular scheduled hours, is this a policy that the city should reevaluate? >> That's one of the things we're going to look at and we're going to do a detailed look at the employees that have been coding their time with those specific time codes and then try to evaluate if that's something we should continue with the practice. >> Tovo: When can we expect to hear back from H.R.?

>> We were looking and with all the other things we have with our compensation staff, I think that preliminary analysis we should have by October, and then we're looking at evaluating the procedure to have any procedural edits done by the end of the calendar year. So in December. >> Tovo: Will there be some phases of the work that you are doing that will be done more quickly before October? That some departments, that the auditor found not all departments had received hrd approval to offer on-call stipends. Seems as if there could be interventions that happen between now and November. >> Yes, I believe we can. Now that this has been completed, this is where we're going to take our project planned and evaluate what we can do the the short term and the long term. Some may be able to be looked at making sure the departments have it approved for these individuals to receive the stipend as the current procedure is written and then as we modify the procedure moving forward we can make those adjustments. >> Tovo: How long has this been in place? I guess it may be different for different segments of the workforce, but how long -- >> It looks like the

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established procedure was created in 1999. It was reviewed in 2004, but our current procedure, the sign-off date was from 2001. So it's due to have a revision. >> Tovo: Do you know if some of the other major cities that no longer offer on-call stipends if they had a policy in place that's gone away or they just never adopted one? >> We will have to look into that. >> Patrick Johnson, City auditor's office. The one city we know reported not having a policy was San Antonio. We don't know if they had one before, but they said they didn't have one. I think the other ones had provisions related to on-call but no one if they were specific to a policy. >> Tovo: Do you know if the other cities that did report having them have as extensive -- have as many employees who are benefiting from those stipends as does Austin? >> That wasn't part of the analysis we did. We just wanted to reach out and see what kind of practices they had. Really specific to a stipend and do they pay on-call stipend or do they pay call call-back. That's the extent of our survey. >> Tovo: I guess my last question is I see some of these are probably processes in place due to contracts, and I see our police chief here so I assume APD is unwith of them. >> Sure, yeah, and I think kind of the structure of that was so the contractual provisions weren't very extensive so usually those were integrated into the special policies and some of those reflected the citywide policy even though the city policy doesn't applied to sworn officers. >> Tovo: I think I would be interested in hearing more about that, particularly for fire,

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police and ems. If it's mostly falling back not on the contract but the hrd policy, but it looks as others have their lights on so I'm done for now. >> Troxclair: Councilmember pool. >> Pool: I'm curious, did you say there were some departments offering the on-call stipend even though they didn't have a program or funding for that? >> Our departments? >> Pool: The ones you looked at. >> No, every department had an internal policy and then there's a citywide procedure that kind of governs that. >> Pool: Were there any departments using on call that either didn't have the funding for it or were not included in the

human resources policy? >> I don't know that I quite understand the question. I'm sorry. You were thinking of, there was a statement not all departments offering it had gotten pre approval from hrd. >> Right. So when we went out to the six departments we selected, we were trying to find documentation that they had gotten approval from hrd. None of the departments could provide that. I think we had one -- one department during our scope period that had done that. We were looking for essentially documentation that -- that the procedure had been followed which required hrd approval, and hrd didn't have documentation of those either. >> Pool: They did not? >> Did not. We concluded there may be folks receiving on call and the departments didn't go through this process to justify that it was needed and justify that the stipend

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was vetted by hr. >> Pool: And that's kind of the conclusion that I was reaching to from reading this objective here, and so I was wondering if human resources has the ability with the computer system to either put a bar on that or have some kind of a box that has to be checked in order to open up the ability even to pay on-call without authorization and without having gone through the approval process that we clearly spent some time establishing but which doesn't appear to be either known about or followed. >> Right, and I think, you know, we didn't see that that existed so that there's no indication that this person has been approved and can use this code. It's just if they use the code, they can -- >> Pool: Right. And it may be our human resources director has something. >> Rebecca Briton, Kennedy has done an excellent job. Only stepped in for a bit of clarity. Policy, it was an older policy. What I think has happened is that over time the departments' individual needs have evolved and they've created their own departmental procedures, which is appropriate. But because this process has aged so much, nobody has any documentation of what engagement took place with hr D and the time they put their on-call processes in place. It doesn't mean they didn't connect with hrd, it means we don't have capacity to document that which I think is part of the recommendations moving forward to ensure that as additional audits happen there is a paper trail of the engagement between human resources and the departments. So to answer your first question, I think there was some engagement of human resources, but we did not document it in those historical times. And I think what's happened is many of our departments who are here to represent themselves have evolved and their needs of on call, utilize the procedure as the beginning stage and evolved

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them to a point where now there may be some inconsistencies and practices that need to be cleaned up. Second question, our system doesn't have the capacity and you know any time I have an opportunity to talk about money for human resource system that's more sophisticated I will do so and this is an example. We don't have within our current system the capacity to monitor the use of a particular code and ban it based on associated approval. So it's a manual review of a manual process that we can certainly look at. And I would just share with you that I think our number one step as arctic you laid by

councilmember tovo is meet with the departments to see what's your justification for your level of stipend, which I think is a separate track but parallel to the question of do we have some current practices that cost money to the city that may need to be eliminated to create some efficiencies that may not impact the ability for key departments to have on-call policies and associated pay. >> Pool: And part of the policies, and I agree with everything you are saying and thank you, this would have been -- this was pre-y2k, the '99 policy was before all the computer systems changed in 2000, which seems like an era ago. But I also think that along with that I would also like to see some clarity in what would the criteria to engage the on-call pay to make sure that it is being used as sparingly as possible because of the costs incurred. I don't know how the departments can actually budget for that. They are also budgeting for people being on vacation or sick leave and that sort of thing so I guess this would be another area they would budget, but it would also indicate a soft area of concern for the budget where we may not have the funds to cover it all. We ran into that with the fire department this year. >> Yes. I would also just say as a general statement, it's time

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for policy review period. We've got a multitude of policies that we're in the process of reviewing, prioritizing chapter a, chapter B and employee investigations. Some of that has come up in previous audits, but I think overall the staff is looking at all city policies and we're just at that time where we need to do this kind of analysis on all of them. And we're doing our best with the current status of the current staffing that we have to try to prioritize that in addition to some other projects that we're trying to do. And so we're excited to get back to it. I think what you hear from Rebecca is very much in line with the time line. What I can do immediately is to begin to meet with those departments to look at their current practices and procedures to determine what we can do to make some alignment, and we're very committed once we finish chapter a, B, and our E.R. Procedures to come back to this one and make some changes. >> Pool: That sounds great. Thank you. >> Troxclair: Councilmember alter. >> Alter: Thank you. A question questions first for the auditor to make sure I understand the data that's in here. On page 7 it says there were three codes that are supposed to be used for on-call stipend but there have been several other codes used. Does your data include those other codes or beyond what's highlighted here? >> Right, and I think our assumption there are other funds but those are commingled. Some folks use overtime to document on-call. Obviously there's -- most of that overtime code has overtime activities associated with it. So I think we were just trying to point out these are the codes that apply, again, to the -- to the nonpublic safety departments. And there were between two and five additional codes that we saw being used to

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document either -- generally call-back time. >> Alter: There's more money being spent on this than is indicated in here. >> Yes. >> Alter: Is that a clarification that can also come in discussions with the departments moving forward so that as soon as possible we're improving how we're tracking this? >>

Yeah, and -- the recommendations to hrd I think reflect that there be more accountability and the ability to track how much -- how many resources we're expending on on-call time on call-back time and those types of things. I think that's part of your review. >> Yes, that's one of the clarifications we can make with the departments, there are specific time codes that need to be used, nor the compensatory or the telework because at Patrick mentioned those are co-mingled with other instances of where that is appropriately used. So we can't really discern from those. >> Alter: Okay. Thank you. Then on page 6 you said only two departments -- consult with employees and he needed. Which are the two departments doing that? >> That is the Austin fire department and watershed protection. >> Alter: Do we have an explanation why the other departments are not doing that? >> What they told us is that it varies across division as well as work groups, and so that responsibility ends up to the -- is up to the supervisor in those areas. >> Alter: Okay. So I would like a sense of the status of the -- of the time sheet update. I understand we need software for hrd management system. This has come up multiple times where we would be able to track things better.

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I don't know if Ms. Hays is able to give us an update on the status of where that's at today or if you would like to provide a memo after this that details -- I believe there was some money that we gave in the budget this year towards that process that we used to get electronic time sheets, and yes the city of Austin does not have electronic time sheets, if you can believe that, but we need to understand what the timetable is and the plan is for making this kind of investment. It's not a sexy investment, but it really does impact our ability as a city to track how we're spending resources and to make sure that everyone is on track with our policies once we have our policies. >> And we'll definitely follow up with a memo, but in the short term we are working with cronos to develop electronic time sheets with the city. We're currently developing what that looks like in the system, we're developing a system. We'll have a few departments that are going through a prototype this summer and we hope to roll that out to the entire city within the next 18 months. So we are moving forward to that. A lot of what we're looking at can potentially be impacted by that new system allowing certain codes or not. We're still really formulating what that looks like and developing the system. So hopefully we'll have something with a little bit more tighter controls as we move forward. >> Alter: And did we get any clarity to figure out how to do that in a bond? I know it's software. >> I don't think so. We are using software as a service, we're unable to issue debt for that. We have to cash fund it. That's one of the things we have to have the money at the forefront. >> Alter: Thank you. The other question I had on the data was there's this blank for Austin police for on-call pay. If they get eight hours compensatory time according to the old contract when that was in effect, that's not costless.

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That actually costs a lot of money, a lot more than \$2 an hour. I see chief Manley is here. Can chief Manley maybe speak to how much compensatory time we are offering in terms of on-call pay or we

were offering under the old contract and what that might equate to? >> Certainly, Brian Manley, Austin police department. There's not a number there because it's not a direct correlation. When officers receive on-call time, what they get is they get eight hours of comp time into their comp time bank. So that officer that earned those eight hours of comp time, if there's a given week that comes up that they want to take a day off and they use comp time to take that day off, there's no additional cost to the city is already in our budget to pay them for that day. So the only time there ends up being an additional actual cost is if that absence required the need to backfill that position that they vacated for that day. And the system cannot track whether or not an officer actually took comp time that created another officer to have to work overtime to fill that position. So the hours that they are paid are similar to other vacation hours that are in a bank, and when they use them, they just take a day off and it doesn't create automatically an additional cost. >> Alter: But it could create a cost if you have to hire somebody to take their place. >> It could. >> Alter: Are there rules about when they could take that comp time that would make that situation avoidable? >> As supervisors do with all types of lead, they are expected to manage their divisions and shifts appropriately and not create the need for additional overtime. What we also have to go -- watch for is that we have a

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maximum number of hours that can be accrued and that's 120. And so if an officer is approaching 120 hours of comp time, anything beyond those 120 hours has to be compensated at time and a half. So we have measures in place to identify those officers that are getting near that threshold so we can have them start working that balance back down so it doesn't create the need for an actual overtime expense. In those occasions where an officer does go beyond the 120 hours and is compensated with time and a half, we generate a report from that that goes to the commanders to ensure that they are taking every step possible to get these officers back below that threshold. And then the new thing for us now is since we were without -- now we are without a meet and confer contract, under contracts lieutenants and commanders were considered exempt employees and they could be put in an on-call status without compensation. Now that we are no longer with that, those ranks are now eligible for receiving the comp time as well. >> Alter: Thank you. Do we have any numbers on the amount that is above that 120 hours, how much we're paying out? >> Well, we generate reports when that happens so that's a number we can get, but again, it's managed very closely and we do ensure that officers are using that time so that it is really the exception when it does occur that we have to pay overtime. >> Alter: If possible, I would love to see some of those numbers and so we can understand what this is costing. >> Absolutely. >> Alter: Because we keep talking about the need for more officers and if you have officers who are going off on comp time on extra days, then that's officers who are not on the street providing services and so there are costs that happen even if they are not creating the overtime costs. So I would like to understand those a little bit better and so if you could help me with that, I would appreciate it.

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And one last question that I have, it's not for chief Manley, but thank you for stepping up to the desk there. Do we have a sense of why we did this on-call pay in the first place if all of these other cities are not doing it? Do we have a sense of why we felt like we needed to institute it and when we instituted it was it across all of these departments or was there one particular department, say Austin energy, that had a particular need and we just made a policy for everyone and now we're doing it everywhere? I mean, how did we get here in the first place? >> And I know when we looked at it, we didn't really get any answers on that. Just trying to dig in, again, it's a policy that was created in 1999 and there weren't a lot of folks around that can remember what was the justification. We certainly didn't see documentation justifying or that there was justification for it at that time. So just in conferences we never got that information -- conversations we never got that information. >> Certainly none of us at the dais were here to fully explain it, but I want to speak just a little bit about why I think it's there and in my engagement with the other department directors, when employees are placed in an on-call situation, they can't go away, they can't do a lot of things and so I think the justification was if we're going to place you in a position where you may have to come in at any point, the \$2 pay was really a way to say we are compensating you for the level of sacrifice you must make to be ready and available to come back to work. I think also if we decide to keep it, we will have to come back and justify to you how there is an assignment between paying this money and the quality level of service we have as employees come back very quickly to address very critical areas of work including Austin energy, water and our civil service areas. And so I would assume as we look at it that it's an incentive to ensure that when we tell employees you

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must during this period be available to us, it's a compensation to really value their ability to give up everything and be around and available to potentially do critical work that needs to be done in a very short turn-around period. But certainly as the newer hr director, I think what I need to do is to be able to connect directors to see what benefits we have with that pay. Also this is certainly not the first time we are the only city that does something. I think that contributes to our quality of service, but to tell you whether or not this is indeed yet another opportunity to create a quality service, we'll have to do some due diligence to look into it to see the benefits of the pay in the departments that are utilizing it. But as I stated earlier to answer your first question, I think this policy has evolved. I think it Myrtle Beach eight with a citywide policy and I think critical departments that needed on-call employees have utilized it. They've established their own procedures that very much directly impact service delivery. As departments have grown that, it's grown in they've gone in different directions and it does not align with the initial policy created by human resources. So we're going to have to go back and see that. I don't want to lose the opportunity of departments being able to articulate to you and to us the benefits of the current established programs and how it connects to their delivery and so I want to be able to evaluate that and provide some opportunity to discuss with you the potential benefits on it since we're just simply looking at the consistency pieces as we deal with the add it. >> Alter: Thank you. I appreciate there are potential benefits and you've highlighted the most obvious ones there. I do have to, though, still wonder how other cities who face the same challenges are addressing this and if there's another

mechanism to do that. It is also possible we're just in the van guard in doing something right that they are not doing, but I would feel more comfortable understanding that in better

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detail because it is interesting that they are not doing it and we are. >> Troxclair: Any other questions? Okay, I think we need a motion to accept the audit. There's a motion by councilmember pool. Is there a second? Mayor pro tem tovo. All those in favor? The audit is unanimously accepted. Thank you. Item 4 Austin energy able inventory management audit that looked at whether Austin energy is efficiently and effectively managing the return of issued cable and scrap cable. >> This audit was managed by Sharma and led by Carl Stevenson who will be presenting. >> Good morning, mayor, good morning, councilmembers. I'm Carl Stevenson. I will be presenting this audit on the Austin energy cable management of their inventory. We would like to start off with a little background. And Austin energy's two main financial warehouses are at Kramer and St. Elmo. The warehouses issue inventory and are responsible for the return of this inventory. Austin metal is contracted for disposal of this scrap. Based on inventory issue and return data provided by Austin energy for the first six months of 2017, we selected three divisions to review. Reviewed the return and handling procedures of this inventory. Over half of the total items issued was cable. Cable can be used to transmit and distribute energy to confuse Americas. These three -- customers. Value of \$5 million and return cable with a value of

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approximately \$1 million. There were three findings. Our first finding he relates to the return of cable by esd crews. Austin energy has established return procedures to ensure the tracking and safeguarding of cable. However, crews within esd did not consistently follow these procedures for returning cable to the financial warehouses, rather they were storing surplus cable esd jobs and not returning the cable after each job. Until following the documented procedures may result in unnecessary cable purchases and also increases the risk of loss or theft of cable. The photo shows cable stored in esd yards by crews. This cable is not tract in the financial warehouse inventory system. Our second finding relates to copper cable, which even in its scrap form has a very high value. Austin energy has established procedures to ensure timely, accurate and secure processing of scrap copper cable. However, we found that crews within esd did not always follow these procedures. Not delivering full reels to reclamation, the items weren't being weighed and not stored in secure bins and they were not consistently novembering reclamation of scrap delivered to these esd yard. Again, not following these procedures increase risks of theft or loss and does not allow recommend la makes to properly process scrap cable. Regarding the notification, this also -- of reclamation when they return items to the esd yards, this relates to the finding in the internal audit from 2015, their copper wire audit, which recommended scrap copper amounts be documented at job sites so reclamation would have a better idea to expect in the return of cable. At the time of our audit,

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that recommendation had not yet been implemented. Our last finding is on Austin energy documented procedures. Austin energy has established clear procedures for the return and handling of scrap copper cable. However, the procedure for non-- for scrap noncopper cable are unclear. Pictured is a steel reel of scrap copper in the esd yard. Documented procedures did not include specific guidelines for staff to return scrap noncopper cable. ESD crews may be returning scrap noncopper cable due to the yard due to absence of clear guidelines. One additional observation, during our audit of cable inventory management, we noted current practices of cable management on steel reels may be contributing to the forfeiting of steel reel deposits. During the latest three-year period tracked by Austin energy finance staff, forfeiture of deposits totaled over \$400,000, however, uncontrollable variables such as delayed project starts or canceled projects may have also contributed to that figure. We made four recommendations. We recommended Austin energy should consider improving the existing procedures and provide training to staff on these procedures. We also recommended that Austin energy should consider relocating reclamation operations and implement the remaining recommendation from the 2015 Austin energy internal audit. Management agreed with our recommendations. This concludes our presentation and I would be happy to answer any questions. >> Troxclair: Thank you. Members, any questions before we hear -- is there a management response? Any questions before we hear from them? >> Tovo: I think I heard you say that you recommend relocating the reclamation services at Justin lane. >> That's correct. >> Tovo: I concur with that. I know there's been a long-time interest in using

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that site for some different purposes, what with it being right next to the rail and in an area where the neighborhood would like to see more parkland and where we really need housing. I think that's an excellent idea. I know councilmember pool is working on this. >> Yes, Dan Smith, vice president of electric service delivery with Austin energy. So I'm one of the business unit executives over the scope of the audit. So first and foremost, you know, we do -- we're in agreement with the report and appreciate the additional observations offered to drive further improvements. Austin energy concurs there is ambiguity in the documented processes. They do lack clarity in certain areas. Austin energy concurs with a number of -- concurs a number of current practices do not match the documented process that -- and that modifying some of the processes to match actual processes is needed. Austin energy does follow some good, solid practices today that aren't -- unfortunately aren't fully documented in the processes, but they are cost effective and efficient. And those are things that need to be reflected in the procedures. As Carl communicated, Austin energy concurs with the four recommendations and did offer responses related to those, and I'm actually prepared to talk about current status on all four of those recommendations as they are all currently in progress. I actually had a power point, if that helps. You know, I leave it to your discretion. Go through that? >> Tovo: I would be interested in hearing the status

update, not necessarily the power point, unless you all want to see it. >> Sure. Okay. Yeah, so status -- as Carl

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communicated, the first recommendation had to do with really our existing processes and matching those -- the documented process matching what we're actually doing and practice. So this recommendation, as I stated, is in progress and near completion. We establish a conductor return process which would handle both copper and noncopper conductor. We also established a managing reclamation guideline in work process gwp. So both of those are currently in place. They are lacking final approval though that's currently in status right now. Recommendation 2 had to do with training, and that actually will commence this week and so we'll be training on the conductor return process with all of my staff, which is the crews that are doing the actual installation work, but then also the finance staff which will include reclamation, the warehouse as well as asset accounting. The third recommendation had to do with the relocation of the reclamation operation. We see this happening in really two phases. The second phase is ultimately, you know, establishing a centralized facility and having that be warehouse also with reclamation relocated there. Obviously that is something that will take some level of time so in the interim phase 1 is actually establishing secure reclamation areas at each of the two service yards, as Carl community both the Kramer and St. Elmo. We are pretty well progressed in the phase 1 area. We've established secure, lockable bins where the --

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where copper conductor can be brought in. The next part of that phase will be dealing with the noncopper conductors and those bins that we're using. We have had established bins in both areas for both copper and noncopper. As stated we need to really work on securing that. They were all behind -- I should state behind locked fences in the service yard but not necessarily confined to the reclamation personnel. The fourth item had to do with implementation of the copper recommendations, and that has taken us some effort. And that was rolled into -- as I call it the conductor return process. So it is -- we're currently progressing as I stated the processes have been established and training is being conducted right now. We have received truck scales so the way we're really going to implement that, by weight aspect so field crews will document the weight that's being returned, and then that will be in turn received by reclamation and then ultimately as Austin metal takes this copper back. We're also working on the roll-off bins where we'll have a weight method for that. >> Troxclair: Thank you. Appreciate the response and the update. Members, any questions? Okay. Appreciate it. We need to accept the audit. A motion and second. All in favor? The you audit is unanimously accepted. Item number 5 proposed changes to board and commission bylaws. >> I'll hand it over to the city clerk's office. >> Hi, good morning. Dina with office of the city clerk here to present on board bylaws.

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I guess the first one I'd like to talk about is the board of adjustment. We actually have outstanding questions regarding these by law changes so we're going to hold off on presenting them today and there's also a council committee agenda request that will come before this body that isn't on your agenda yet so we'll bring that council committee agenda for the board of adjustment and by law changes at the same time. The second one is the joint sustainability committee. Both the design commission and the joint sustainability committee would like to add a design commission representative to the joint sustainability committee. This will increase the membership of the jsc to 15 members, which is list understand article 3a of the board bylaws. The joint sustainability committee would also like to designate a second member from each board that has a representative serving to serve in case the designated member is not able to attend. This is a provision in place currently for the joint inclusion committee so we can make that change to the -- to city code if approved. The other change to the joint sustainability committee bylaws is they have removed the language for the three additional community stakeholders nominated by the open space environment and sustainability committee. Since that council committee no longer exist. And this will require an ordinance change to only the joint sustainability committee and staff recommends these three changes. Are there any questions on the design commission joint sustainability? >> Troxclair: Mayor pro tem tovo. >> Tovo: I had a couple questions about the first thing you talked about. >> Yes, ma'am. >> Tovo: I didn't understand what you meant about a council committee agenda request. >> So that's the formal method for boards and commissions to be able to put a new item on a council committee agenda item and the board of adjustment is

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requesting additional funding for an outside attorney. That's something that the board approved, the mayor's office puts on a council committee agenda. There was confusion on which committee that was going to be presented to so it was sent to another council committee. The confusion was resolved last week and will appear on a future agenda. >> Tovo: So we're going to be talking about the attorney request -- >> For the board of adjustment. Yes, ma'am. And since we have questions on these by law changes for the board of adjustment, we were going to hold off and bring both of those changes for the same board at a later time. >> Tovo: Do these have anything to do with -- these don't appear to have anything to do with the attorney request though. >> No. >> Tovo: I'm having trouble understanding, it says the rules of procedure, et cetera, et cetera, shall not be subject to a motion to suspend the rules under 25. Then there's another statement that's not quite a sentence. >> So they referenced -- the board of adjustment referenced article 4G of their rules of procedure, and on their current rules of procedure there isn't an article 4G. That's the confusion the clerk's office has that we want to speak -- clerk's office that we want to speak with the chairs before coming forward on exactly what they are trying to -- what they are trying to do, but since it didn't exist in their current rules of procedure that are posted on their board's web page, we would rather clear up the confusion before bringing it forward. >> Tovo: That's the second one, but the first one, article 9b, talks about a motion to suspend the rules

under 25 of Robert's rule of order and then -- then it looks like we're missing part of a sentence. It says may be suspended under 22 of Robert's rules of order. I'm just trying to figure out what that -- what that means. >> This is what's listed. This is the proposed changes

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that they listed. You have a copy of the board of adjustment bylaws and that is what was printed directly from the board. So that's -- >> If I may -- >> Tovo: You have a sentence there. >> The clerk's office, it was also determined in what they provided that they cited the wrong section of Robert's rules of order. It is not 22, it is 25. Let me see this. So they are wanting to suspend under 22 and it should be 25 and that's the reason we're seeking clarification from the law department and from the chair. >> Tovo: Okay. Thank you. It sounds like neither of these are ready -- sounds like neither of these necessarily have anything to do with the attorney request but both need further work. Was there anybody there advising the board of adjustment to point out that you're saying 25 and it's 22 or -- >> Yes, they have a law department liaison that said he approved, however, when we reviewed, we found the discrepancies so I have additional questions. >> Tovo: Okay. Thank you. >> Uh-huh. >> Troxclair: Councilmember pool. >> Pool: Staying on board of adjustment, you are saying the printout we have here is also wrong. >> Correct. >> Pool: Okay. And so -- so the strike of of 25 of Robert's rules isn't going to happen. Okay. Great. I'd like to shift eve -- over to the joint sustainability. It seems we need a committee for the joint sustainability folks to bring issues or changes other than bylaws,

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certainly, and I might suggest just for conversation here that possibly this committee would be a good one for that. What do you think, chair? >> Troxclair: I -- I would be happy to -- I think we would be happy to do that. What would the -- do you have any other recommendations of who -- what the appropriate nominating -- or -- >> Pool: Or just send them to council. Send them directly to council. >> We have committees that don't necessarily match up. >> The only concern that I have and not related to any -- any policies that need to come before a committee, the only concern that I have is who is nominating these stakeholders. If the open space environment and sustainability committee no longer exists. >> Troxclair: So we're talking about this group nominate the stakeholders. >> I did not understand that. >> Troxclair: Right? >> Pool: Actually that is right and I didn't say it very well. Yes, the no, -- specifically the nominations. I think I said something more broad, but probably just the nominations coming here would be probably a good use for this committee. >> Troxclair: I think it would be more appropriate for them to come from a committee rather than the full council, just so somebody is specifically responsible for -- >> Pool: And there would be recommendations. >> Troxclair: Mayor, did you have a comment? >> Mayor Adler: I was going to suggest it not start at the council. >> Tovo: When I thought councilmember pool was talking about the recommendations from that commission that they come here for our consideration and that didn't -- >> Troxclair: Oh, right. >> Tovo: I didn't realize her suggestion

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>> Troxclair: Okay. And will you remind me, were these three members added recently? I mean, why are these three members included in the group? >> There was a direction from counsel so -- I'm sorry, from open space environment sustainability committee to add three stakeholders to be included as members. All of the other members were representatives from different boards. That's a provision that was approved by council maybe 2016? >> Tovo: It was back when we were forming the various committees. But the addition here is the design commission? Is that correct? >> That's correct. >> Troxclair: I guess I'm -- I guess another option for us to consider is whether the three community stakeholders are still necessary to include in the -- in such a big commission? But maybe -- I don't know -- but I'm not informed about what they're bringing to the table or if there would be a void without them. So if anybody has that? >> If I'm remembering right, and it has been more than three years, it seemed that we were looking to try to balance out and to have some input from the council ourselves. Because if you noticed all of the other members are appointed through other commissions and we wanted to have a voice or a presence directly tied to the council, if I'm remembering right? And I think that would be a good thing to have at this point and I also support adding a design commissionf. >> Tovo: Do you -- do you need a direction? Do you need a motion? Councilmember alter. >> Alter: There's one person who

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takes care of that appointment for the three spots and there's a question which I don't think we resolved as to where the recommendations go first. I'm not aware of a process where the committee recommendation goes directly to -- the commission recommendation goes directly to council for council to consider. >> There are several. We have central health, municipal, civil service, those are the two I can think of off of the top of my head. >> I'll clarify. I didn't intend -- I misspoke. The only piece I wanted to bring was the nomination of the three additional stakeholders that would represent the council in order to back fill for the nonexistence of the sustainability. I apologize for muddying the waters a little bit. >> I'm trying to clarify because there's a question about where the recommendations go to and how they get addressed. >> They come directly to council. >> So then they would be on our Thursday agenda? >> Mayor Adler: Which recommendations are we talking about? I'm confused. A lot of boards make recommendations, they come in. I refer them out to council committees, which is what we did with respect to the request for attorneys referring it to this committee. I think that's what happens with the recommendations right now? >> Troxclair: That's right. It seems to me it would be the appropriate path for this committee as well. Not sure why we would adopt a different procedure for this committee. Is there a reason why we would adopt -- why there's a suggestion to adopt a different procedure? Or you're just posing the question. >> I think we're all confused about the terminology. Are we talking about the recommendation of the three stakeholders or are we talking about the formal process to get

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an item on the council agenda. >> Troxclair: We've come to agreement on the recommendation of the three stakeholders that the audit and finance committee will make the recommendation on the three stakeholders. >> Great. >> Troxclair: The second question is what happens to the recommendations coming from the committee? >> So, any time -- >> Troxclair: From the commission. I guess it is a committee? >> From the joint sustainability committee. Board recommendations are approved by the board. Once they are posted, mayor, council, all staff get an e-mail saying this board made this recommendation, here's the link to it. Same process, once it's posted, you all receive a notification. The only additional staff is the mayor's office has five days to refer it to a council committee. The reason the board of adjustment one was held up is because it was referred to the wrong committee. Now that it's been referred to the correct committee, it should end up on the audit and finance committee. >> Troxclair: You're not seeking additional guidance from us on that. >> No, ma'am. >> Where does the mayor refer those to if there's no open space. If it goes to the parks board, where is that referred to in our committee system or are they just left to hang dry. >> Mayor Adler: Nothing is left to hang dry. We try to make the decision as to what is the most appropriate place so everyone gets notice of it, everyone knows it's in the hopper and we get it and put it back out. There was some confusion as to which attorney that belongs to this committee. And I don't know what the glitch was for that. But as soon as we noticed it didn't come here, we referred it to here. >> If you had a sustainability issue, what committee would -- it's not an obvious committee to go to.

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>> Mayor Adler: It depends on what is the issue that gives rise and we make our best effort to get it to a committee that either has people interest in that topic area or is appropriate to that group's work. But we make sure that we get it back to a council committee. If it goes to a council or committee and they say we don't want to do this, which has also happened sometimes, then we take it and send it to another committee. So when they get together and make a recommendation, it doesn't just die. It actually gets to a group of our colleagues to be able to take a look at it. >> Okay, we can talk offline. >> Mayor pro tem tovo? >> I didn't realize every recommendation was landing on a committee agenda or -- >> The ones they requested would happen that way. >> Troxclair: We get commission recommendations and they lead directly to resolutions. >> Right. >> Sometimes the recommendation from a commission is responding to a resolution that's in progress. So a lot of that stuff ends up on the council agenda but not through a committee, I think. Some of it is the vestige of the change in process when everything is going to a committee, so it's not clear to me like early childhood recommendations are going, if they're going to health and human services. I think what's happening is you're referring them and they don't end up on an agenda. Sometimes we adopt a resolution by the time a relative community would have met. >> Back when we were doing that, the sorry -- >> Tovo: No, go ahead. >> Mayor Adler: When the committee does the work, the recommendation goes -- recommendation goes to all of us. But we also had to have a committee that made that recommendation and no one picked it up to give them something that they could do. So most of the things just get posted that show up for people

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to look at. But every once in a while, a committee says we would like to have some councilmembers take a look at this. And that's when they requested if you refer to a committee, that's what we do. . >> Okay, we'll leave it there for now. Kind of away from what the specific item is in front of us. So, do you need a motion to approve the commission design commission? Is there a motion to appoint a person to the sustainability committee. All in favor? >> I was waiting. That passes unanimously. >> If I can make a motion to insert the community stakeholders. >> A motion, is there a second? Motion and second, all in favor? Passes unanimously. >> And I assume this included the ability to designate a second member for the availability of certain -- >> Tovo: Yes, thank you for clarifying that. So now I can move on to community development commission. I'm sorry. >> Before we move off of joint sustainability, if you could let us know, shoot us the list on who's on there and what the expiration dates are and we can look at appointments and reappointments if necessary. >> Yes, ma'am. >> Thanks. >> The community development commission, the last time we presented the bylaws to audit and finance, we received direction to go back to the community development commission for additional recommendations. The recommendations that the community development commission approved are to stagger the

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terms of the members, include a financial disclosure statement, and to have the housing and planning council committee nominate the seven members that are currently nominated by the mayor. And I included the changes to the bylaws on the first page that's titled "Community development commission." On the second page is the actual recommendation from the CDC. The lack of staggered terms which occur after the transition to 10-1. Class 1 will be the members nominated by the council committee and will serve a maximum of eight years in accordance with city code and class 2 will be the eight democratically selected by the designated neighborhood organizations and serve an additional two-year term in an additional maximum eight-year term with accordance to the city code. 3-g addresses the community development commission's recommendation to remove -- to recommend the removal of any member to the respective nominating bodies. What's not documented in the bylaws in compliance with the public financial statement which if approved will not affect these bylaws but there will be a revision to city code section 2-7-7-2. >> Councilmember Poole? >> Pool: Quick question. It looks like it only refers to a person who seeks to resign. So is that right? So it's the removal of a commission who has resign? >> That's the first -- the first section is to resign from the board if there's a written resignation. The second part in blue just talks about the recommending removal to one of the seven members to council and recommending the removal of any of the eight democratically

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selected members. >> Does that refer back to the criteria that would qualify for removal other than somebody having resigned? >> It's just a recommendation. The -- it would have to be formally approved by other council if you're talking about the seven members appointed by council and it would have to be approved by the neighborhood organization if they were these eight democratically selected. >> I wanted to know what guidance or criteria may exist elsewhere this could refer to. So that on the CDC or with the organizations, if someone isn't either coming to the meetings or if there's a conflict of interest that's not resolved or malfeasance or something, there's a basis for removal. >> On the clerk side, if there's an attendance issue, we have quarterly attendance reports. If there's conflict issues, we rely on the liaisons to keep us informed and we then bring those forward to the bodies be through Austin public health or the clerk's office to the council. >> I think what we need to do is make sure it's clear in this bylaws change that there are procedures and B criteria elsewhere that would provide the basis for removal. It gets a little awkward sometimes. >> What is the basis for putting -- is it necessary that we have a process for involuntary removal of a member in this particular -- >> This is a new request to the clerk's office but it is something that was recommended by the body. That this language be -- >> I don't know. I guess I need to think about it. But I'm kind of uncomfortable with this and certainly the

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majority of -- there might be a personality disagreement or policy disagreement on the fwrord I don't think the majority of the board should have the ability to remove that person. >> Only make the recommendation. It would then be up to the appointing bodies whether that's council or the eight neighborhood organizations that have been designated by council. >> Yeah, but I just -- then that is -- I don't -- I don't necessarily think that's a question that council should be -- if we've -- if council has appointed somebody, we always -- if council appointed somebody, we maintain the ability to remove somebody we've appointed, right? >> Mm-hmm. >> So I don't -- I don't -- unless somebody can explain to me that there. >>S a pressing need for involuntary removal from the member of any board, especially in this kind of circumstance where the other board members are voting someone off of the island, I I'm uncomfortable with it. >> Mayor pro tem tovo? >> Tovo: It looks like this clause only applies if someone has resigned. I don't know if it's that the intention or not? >> It's in the same paragraph. >> We can separate the paragraph. >> Tovo: As I understood the question, she was more or less asking does it only apply if someone resigned or does it apply all the time? Can you be voted off of the island as the chair said, for any other reason? My other question is, the -- no, never mind, I resolved it with the language. But that's the question. I thought you said it only applied when they resigned but it's that situation in G. >> Let me ask this question. We recently had a discussion about planning commission. There's charter language that gives planning commissioners a specific number of years for a term, which means that the council is evidently unable to remove somebody and replace

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them, even if the entire body wanted to do so. Is that the case here? Or are the CDC members in the same situation of every other board and commission where councilmember decides to replace a sitting commissioner, we have that ability? Like the charter doesn't stop us from doing that? >> So I think that - and I'm going to let Maria speak to this further. But I think that the requirements on the bylaws. >> CDC bylaws? >> Yes, ma'am. And they somehow took away the power or the approval power of council when it comes to the eight Democrat -- eight neighborhood organizations and, Maria, going to let you chime in here. >> I'm Maria Al Ben Len, I'm the manager of the neighborhood services unit for Austin public health. Our primary -- our core funding support comes from the community services block grant. The community services block grant, some of you may be familiar, is a war on poverty program. One of the things that was built in to the act was the requirement board. And the community of Austin serves as the required board. And those three portions are a public sector, a private sector, and a sector representing a low income neighborhoods in Travis county. So one of the things that the Texas administrative code requires is that not only are the members of the low income sector elected by the neighborhoods that represent low income persons, but also that

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only those neighborhoods are the organizations that selected them would have the ability to remove those members. So, the reason why we wanted to bring this forward again as a part of the bylaws is so that everybody is clear who can make the recommendations for removal that is necessary for any particular case. >> So it sounds like that's tracking the requirements that the state has put on us. >> That's correct. And it's really the requirements of the csbg act, the federal act. >> Federal. >> Yes, ma'am. >> So we don't have the ability or the authority to make any changes ourselves. >> Without going to the state? To address that and possibly the federal level, I would assume that to be the case, yes. >> I am -- I don't know whether -- I was going to suggest I have follow-up questions but I might suggest -- is this a time sensitive issue or could you meet with the committee members between now and the next audit and finance meeting so we can get something -- all of our questions ironed out and they can come back with me. The board of adjustments issues that we were going to be dealing with next time? I know we have two other time consuming items on the agenda today. I want to get to it. >> Happy to. >> This is an issue we've been trying to get resolved since the last monitoring and tdhca conducted and we would like for it to be a move forward as quickly as possible but we're also happy to meet with any of you all to answer any questions that you might have about this independently as well. >> Can we move forward on some of it but hold on this second half of paragraph G today? To get a little better

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understanding on it? And maybe make that a separate paragraph H? Maybe we can move forward with some of this so the feds understand that we are moving forward and we need a little bit more time to fully absorb. >> Yes, ma'am. >> Would that be your preference? >> That whether or not you would be

fine if that's what the committee decides we need to do to move forward. I do think we're able to show progress to the state about what we have been doing to address the issues that came up as a result of the last monitoring visit. >> Okay. Which is important. Mayor pro tem -- or, councilmember pool makes a motion to adopt the changes outlined with the exception of the changes in G. Is there a second? >> Then work so we can adopt whatever changes may be appropriate. >> Troxclair: Is there a second motion? Mayor pro tem tovo seconds. All in favor. I think passes unanimously. So we'll see you back on for next time. You can circle with our offices and we'll talk more between now and then. >> Will do. >> Troxclair: Thank you so much. Okay. Item no. 6 is where we are now. An update on revisions to chapter 2.7, article 6 of the the city code relating to anti-lobbying and procurement. We will be hearing from the financial services department. Okay.

[10:52:05 AM]

It's my pleasure to come before you and go over the most current version of the recommended draft to revise the city's anti-lobbying ordinance. Chapter 2-6, anti-lobbying and procurement. So this has been an ongoing discussion for the last year. We really appreciate all of the the feedback that we received from the various stakeholders in each of the parties and we have proposed revisions on the ordinance and comments on the recent draft. Because it's been an iterative process, there were comments on the last draft. The discussion today will be associated with the comments on the most recent version that was red leased at the beginning of this calendar year of January. I lost my visual aid here. So just to give rise to some breadth of the presentation, we'll talk about the background, just get everyone oriented to where we've gone so far with regard to the anti-lobbying ordinance. Then talk about the contents and the comments associated with version 2 along with the discussion that you wish to have on those contents. And then provide an overview of the remaining milestones of this revision. And subsequent dates associated with it. So with regard to background, if you recall council back in April of 2017, council lifted the anti-lobbying ordinance if solicitations for waste management services. Council then established a waste management policy work group and asked the work group to make recommendations concerning a

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variety of topics, including the anti-lobbying ordinance. In July later that same year, waste management policy group came back with recommendations and some of those were directed at the anti-lobbying ordinance and specifically certain parts of it should be revised. In September, the staff presented an initial version to council. At that time, council referred to the erc. Later that same month, staff presented the revised version of the Alo to council. In November, erc recommended further revisions being made to the anti-lobbying ordinance. At that time, staff requested additional time to gather more vendor input and provide a further revised version of the anti-lobbying ordinance. Published the revised version of the version before you, version 2 and the associated documents. Notices were sent to the city's registered vendor, which were several thousand. Additional outreach to target vendor segments

and various associations. Since that time near February, several comments were received and also we continue to welcome comments. But for purposes of the presentation,ing we had to provide a date to which the comments should be received. But we're still available to receive comments on the current version still listed on the city's financial services website. Today we seek to review version 2 and provide an overview of the comments with the committee. And seek any feedback or direction of the committee with regard to further revisions that we can bring back to a subsequent committee meeting. So version 2. The anti-lobbying ordinance is made up of 10 sections. You can see them listed there.

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-- Listed there. Of the comments they received, they were substantially positive. They were very short. But there were a few comments that were received that were more substantial so that's what you see predo -- predominantly on the right screen. You see comments on the left and the right. They're going to be associated with the elements of the anti-lobbying ordinance that the commenters had concern with. So, section 1, findings and purpose. Previously, this was consolidated with -- with applicability, this was broken out just to make the ordinance read a little more straightforward. There were no comments or concerns on this section. Second 2, applicability, this section exempts specific agreements from the application of the anti-lobbying ordinance. It also -- it allowed us to consolidate other provisions that are in the current anti-lobbying ordinance that were associated with applicability. But located elsewhere so we consolidate them to one section. This particular section also exempts chapter 1-1-99 associated with penalties for failure to comply with city ordinances. If there were no penalties stated in the ordinance. That continues to be exempt from this section as it is in the current ordinance. For the most part, the section was not substantially changed. And we did not receive comments. We did concerns with the various meetings associated with the exemptions -- the questions to the exemptions. So if there were additional questioneds in that regard,

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we're glad to take them into consideration if you'd like some additional information regarding the current exemptions or concerns about the continuing those exemptions in the new anti-lobbying ordinance. We're open to discussion if you have any. >> Is that a presentation? You noticed there was another question? Councilmember alter? >> Alter: Can you speak to what the exemptions are? >> Sure. A copy of version 2 is associated with the handouts. So it's section 1-2, applicability. This article applies to all except for one, city service funding, two, city cultural arts funding, three, federal, state, city block grant funding, four, the sale or rental of real property, five, enter contracts and agreements, six, solicitations exempt from this article by council. So if there were any of those items that council wish to remove the exemption we'll be glad to take that into consideration for further edits or if you want to have further discussions on the exemptions, we'll entertain that as well. >> Troxclair: Thank you. Section 3 definitions, there was discussion regarding definition of agent, no lobbying period, respots, respondent, and solicitation. We're reviewing the comments with the law department and to the extent

we can make any recommendations to change the existing definitions, we'll be glad to do so. For example, some of the recommendations that don't agree with each other, or they would recommend that we would move in one direction and the other recommendation would recommend we move in the opposite

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direction. For example, definition of agent. We received the recommendation that the -- that we should narrow the definition. Whereas we should broaden the definition. So we'll look to see where there's a happy medium. For the most part, the feedback is that the respondents were satisfied with the definition. There's also discussion regarding the no lobbying period and right now the recommendation is it starts when the solicitation publishes. That's a change from the original recommendation based on substantial feedback from various stakeholders and written comments we received. That's how the current ordinance works now. And we're glad to continue that. The anti-lobbying ordinance start for a period of time after the solicitation is issued. And from staff's perspective, if we start the anti-lobbying ordinance, it's what makes the most sense for us to start it either at the time of the issues or the time the offers are received. There are challenges associated with both approaches. If you started at some other time, you incur both of the challenges as opposed to one of the challenges or the other challenges. Challenges being -- if we apply the anti-lobbying ordinance when the solicitations are on the street, we won't necessarily be able to inform all of the various city officials and employees who the responses are. We don't know yet. You won't know who to avoid or retain your documentation with. To the other point, if we start the anti-lobbying period at the time that the offers are received, it's possible that communications could occur influencing the outcome of the -- the solicitation process while the solicitation is on the street.

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Just to clarify, when solicitation is on the street, that is when the communications are encouraged to our office. Because that is a chance for staff to determine if we're speaking the right language to the -- to the particular market that we're trying to receive proposals from. If there are any concerns or clarifications or any issues associated with the solicitation document, that's when we want the communications coming back to us. So the start of the anti-lobbying period now initiates with the issuance of solicitation. So we're glad to continue that. The end of the anti-lobbying period is recommended to occur no later than 60 days following council authorization. There were some recommendations that it be at the time that council makes the recommendation or that it be some earlier time. But for example, uh a period of time prior to the item going before a board or commission. When we look at when a solicitation is on the street, of the time when lobbying is most likely to impact the process, it is after the award recommendation is made but before the council authorization occurs. So this is probably the time that we would least recommend having those communications be available. And if we start the -- or end the anti-lobbying period with council authorization, there are a number of

contracts particularly on the construction and professional service related procurement side of our city's operations. That -- that have negotiations occurring after council authorization. So that would have lobbying occurring perhaps during negotiations. So, that's why staff recommended that when he continue the anti-lobbying period through a no later than date, 60 days following council authorization. So if the contracts are signed earlier than that, then the no lobbying period would end at that time. But no later than 60 days.

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There's also some feedback we received on the definition of response, respondent, solicitation, again, some of these could take into consideration, perhaps propose some minor edits, others of them, the recommendations are not something that the staff could -- could adopt. So we're glad to read those into the record and provide them to you for your consideration. Any question or feedback or discussion on the definitions section of the ordinance before we proceed. Okay. E section 104, restrictional lobbying. It's the no contact period. A fair amount of comment we receive in the past about no contact. So we tried to use language that was more specific to what the actual restriction was. This section would restrict specific communications between respondents and city officials and city employees. It provides the -- defines communication about any response or respondent, be encouraging the rejection of all responses or effectively cancelling solicitation, C, conveys a complaint about the solicitation, D, asks a city official or employee to take or not take an action. The section also restricts city officials and employees from initiating relate stricted communications.stricted communications.stricted communications.stricted communications. So we received feedback with concerns about the definition of substantive information about -- regarding the rejection of all responses. We may be able to clarify that one. C, concern about conveying a complaint or D, action or no

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action. So we'll take those concerns into consideration if we can make any revisions. Bshgsz, the reject all respons S may be incorporated. The complaint process we continue established in the current rules associated with the anti-lobbying ordinance effectively if there are concerns about the solicitation or anything that respond and our perspective respondent wishes to communicate. We can facilitate that communication by sending a complaint to the authorized contact person. The ability to complain and force the complaint on to whoever the requested recipients be would be available and is available throughout the entirety of the solicitation process. So the -- we believe we can facilitate complaints without having to allow complaints to be done outside of the authorized contact person. Any questions or concerns on that particular section? Councilmember? >> Councilmember alter. >> Alter: For section 2-7-04, they don't apply for responding to the solicitation, then they can still talk to us? >> Yes. >> Thank you. >> Now, if the due date for the solicitation has not yet passed and the respondent -- the perspective respondent speaks to you or speaks to a city official or employee, then -- they subsequently

do as is the case now, they would have violated the anti-lobbying ordinance as they would now. But if the dew date has passed and they have not season mitted a response, they would not be

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violating the rules. Section 105, permitted communications. This is a section to give specific examples of the types of communications that are permitted. And basically list out the -- the specific pieces of our types of communication so that when they are engaged by respondents, they'll know these are allowable under the ordinance. So any communication with the authorized contact person, any communication regarding an existing contract so long as the communication is about that existing contract. Any communication regarding nonsubstantive procedural matter, communications during a protest hearing, communications with a small majority business resources department associated with subcontractors goals and solicitation, communications between the respondents, attorneys, and the law department. Communications made during a public meeting. Communications made with city risk management for purposes of ensuring compliance with insurance requirements. And communications made during a contribution in accordance with chapter 2-2. We received two comments and concerns in this area associated with the -- the -- with the entire section essentially suggesting this section not be necessary, if you have identified restricted activities that you do not need to then identify, permitted activities, we're glad to entertain that approach. We've discussed it with law and law recommends and we concur. We believe that having the examples of the permitted communication allows us to more effectively administer the

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ordinance but we're glad to take a different approach if council has a purpose in this regard. Any questions in concern with this particular section? Okay. Modifile occasion on restriction. This authorizes the purchasing office to waive or apply a modified version of the ordinance under unique circumstances. Essentially this is a -- this is an emergency or when needed, as needed provision. It's in the current ordinance and would allow our office to apply a modified version of the anti-lobbying ordinance if the conditions associated with the solicitation would not allow for a complete application for the ordinance. There was a recommendation this section be removed and it's something to take into consideration as was the case when we had the purchasing associated with the hurricanes. We had to wave the competitive processes so we could make necessary purchases in the timely manner. Now because we waved the competition, it was not possible for us to apply the ordinance. So we feel like we can accomplish that. But this revision gives us clarity two regard to waiving the ordinances and emergencies and apply the modified version if it's necessary to do so. In my time with the city, it hasn't occurred yet. To the extent it may occur sometime in the future it would be a valuable section of the ordinance to preserve it. Any questions on that particular section? Okay. Notices? Requires each solicitation to include a notice concerning the anti-lobbying ordinance. It requires the purchasing officer require a

notice for the anti-lobby notice. That is consistent with the contents of the provisions of the current ordinance. Section 8, 108, disclosure

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violation and recusal. This section requires city officials and employees to report apparent violations of the lobbying ordinance to the contact person for any given solicitation. It requires city officials and employees to self-recuse for further participation in the solicitation if they initiate communications that result in the anti-lobbying violation. We received one concern regarding the self-recusal requirement. That particular concern is also associated with an element in section 109. So if I can address those together because those particular provisions in section 108 and 109 are related. Any concerns on 108? Disclosure violation? Section 109. Enforcement. Establish that the anti-lobbying ordinance is not enforced by the erc that's consistent of the current writing of the ordinance. Authorized the personnel to waive violations that were initiated by the city officials and employees. And it authorized the purchasing officer to create rules to further enforce the anti-lobbying ordinance. All of which are consistent with the current ordinance, except for the second bullet, authorizing purchasing office to waive violations that's not in an ordinance. There was a comment expressing concern over waiving violations. That particular provision was added in and is related to the previous provision in 108 associated with the -- with the self-recusal. And essentially, if staff were going to waive a violation to balance the equation, the -- the person, the elected official or the employee that initiated and received the restricted communication to the extent that they were no longer part of the solicitation process or the authorization kind of balances out the -- the incidents. So if -- if council was not

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comfortable with one of those two action, staff would recommend removing both, which is the case with the current ordinance. So we're not able to waive violations of the anti-lobbying ordinance. Now, even if the violation was initiated by the city official or city employee. So if we were going to add that in, we would just ask that there be some way to -- to for persons that were involved in initiating that activity, to no longer be a part of the process going forward. Again, we saw it as balancing equation. But we're definitely willing to discuss that. And if council has some other direction in that regard, we're glad to consider that. Also some disagreement with regard to excluding the erc and the the ethics review commission from enforcement and/or some other or third party to preside over one or more appeal processes. The -- the erc is excluded from the -- from the overseeing or enforcing the anti-lobbying ordinance currently. We continue that recommendation to the extent that council wishes the erc to have a role. It may be more feasible for them to have a role from detecting the violation through the protests and appeal, but currently staff are recommending that -- that we instead have a protest and appeal process that are unified for all procurement. Now currently, we have established a rule. We have a different description of protests and appeal in anti-lobbying. We have a different description in other

ordinances that it touch on procurement processes. Ideally, we would have a single regulation that addressed protests and appeals and we would be able to build

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precedence and build procedural expertise. So we recommend that in lieu of describing a separate or new protest and appeal process for anti-lobbying ordinance violations that we move towards establishing a single protest and appeal process for all city procurement. But that would be under the purview of the anti-lobbying ordinance. So we recommend leaving the enforcement section much the way it is now. Any questions on that particular segment of the version two? Okay. Last question, voidable. It requires purchasing officer provide written notice of the disqualification, extends disqualification to recent solicitation, the current solicitation is cancelled. It authorizes the voiding of contracts if a violation is found after the contract is awarded and it authorizes the multiple anti-lobbying violations. We did receive some concerns on this particular section, there was an opposition for the inclusion of the department provision. There was an opposition for the disequal fill occasion from future resolicitations with the same or similar. And recommend -- recommendation that the it apply to future solicitations, the current interpretation of the ordinance. And there's a recommendation that the solicitation of the contract be stayed until the disqualification process be concluded. To clarify the same or similar provision that is currently in the -- in the rules that would be added to the new -- the newer version of the anti-lobbying ordinance, it is very possible that when you reissue a solicitation, there are going to be some slight changes. You -- oftentimes you cannot go through a process without learning some things. And to the extend that the

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resolicitation is exact is unlikely. But to the extent that a resolicitation is largely similar and we would interpret that very conservatively. But to the extent it's largely similar, then we believe it would apply. But to stay the same would preclude us from entering any elements of the solicitation even if the changes are intuitive or necessary. The -- the debarment requirement was not included in the staff's previous recommendation but we received strong feedback from multiple sources with regard to the inclusion of the department of penalty. And that is consistent with the current ordinance, so we're not adding to or diminishing that. We're just including it in the recommendation that we have in the existing ordinance. Any concerns or discussion on the disequal fill occasion or contract voidable section? >> I have a question. These comments are comments on the draft of version 2. That isn't the only feedback you received, those are just the comments that you received on this particular draft? >> That's correct. >> We went through the resource recovery working group. We went through the ethics commission and now we're on this version. How did those -- are those comments dupe -- duplicative as the other versions? I want to make sure there's not a lot of other feedback. >> The comments you're seeing are those on the current version because the previous comments were made earlier this summer

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and we -- they were made based on the current anti-lobbying ordinance. We received comments based on staff's first version released back in September. We received more comments on the version released in January. So it's difficult to layer them on top of one another, all of the various comments, because some of the elements have changed as the document has evolved through the subsequent review. So the comments you see here are just those expressing concern or feedback. Like I said, we received a number of comments regarding this particular version and most of them were positive, very short. But of those that were more substantive and provided more concern or feedback, those are the ones that we characterize for you in the presentation here. >> The thank you. Okay? So next steps, remaining milestones and dates? Based on any feedback, revision in version 2 and any rule elements based on the feedback and proceed with a version 3. We return back to the committee with rule elements and seek the committee approval to bring that version to council if that's the recommendation. In April, we would bring version 3 to council if we received the authorization or the approval of the committee at your next meeting. The authorization or the approval of the committee at your next meeting. The authorization or the approval of the committee at your next meeting. Just to note in May, May 31, if it's not completed, the current version of the anti-lobbying ordinance would re-establish and applied to all new solicitations for waste management services. So just a -- just have that on the radar. But that is the milestones that

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we have going forward. At this point, staff have kind of taken into consideration a great variety of feedback we received from the parties and to the extent that we make further revisions, we would appreciate some feedback and direction from councilmembers from the committee. We're glad to meet with you individually. Glad to receive your written comments. But staff are coming in on finalizing our recommendation and we're glad to consider your input at this time. So glad to answer any questions that you may have or take any further feedback regarding the version two that you have before you? >> Thank you, appreciate the work that you've done on this. Before we go to questions from the committee, there was one citizen that was signed up to speak, Gus Pena. I don't see him. In here. If he's out there, he can come speak to us. Anyone else that I missed that signed up to speak. Okay. All right. Committee members, any questions? Comments? Feedback? Councilmember alter. >> Alter: I'm trying -- maybe we can go over some things separately. I just really wanted to commend you for taking on this task and working with us through the resource recovery. Going through the process of the ethics commission, I know it's not been an easy process. And I think that I just wanted to say I really appreciate your attention to be the detail and your importance of our purchasing process and the role that the elo plays with this? This is a system that affects thousands of vendors and really impacts the perception and the

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integrity of all of our processes. So I just wanted to thank you for working through this and seeking that larger feedback. I think it's really important that this Alo is updated but that we're updating it in the right ways. And I appreciated the way that you have explained when you have gone contrary to where the working group was and helping us to understand the reasoning behind that. Thank you. >> I just have one question -- I think when you come back with the final ordinance, are you going to include your recommendation on the exemption section? >> We acknowledge there were questions from councilmembers in previous meetings from time to time about the exemptions and to the extent that the exemptions proceed, we're going to provide the history associated with them. All exemptions need to be re-examined from time to time to make sense going forward. The language in the current exemptions associated with the funding source. That's procedural in nature. When we receive a request from the department, we identify based on a funding source. If we see a certain source coming in, we know it does or does not apply based on the funding source. That may be something we need to clarify. We're glad to do that. Like I said previously, we're glad to meet with you individually to receive any additional feedback or questions in this regard. So if there are questions about specific exemptions or desire to examine what the ordinance will look like without the exemption, we're glad to do that? >> Okay. I guess you can follow up. Can you follow up on my office about that? I have questions about it. I'm curious about your recommendations as well. >> Sure. >> Councilmember alter? >> Alter: I just wanted to ask

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if you could provide an update, you can do it in written format on the contract? >> Yes, we'll provide you that in writing? >> Thank you. >> Are you needing any specific motions or direction from you at this point? >> At this time, we'd like to review the comments we received and many knew we received a sense of creating the presentation and making any final edits to the current version and bring that back to you with the recommendation. And at that time, if you ever you concur, we'll bring that forward to council, whether that be in a single reading or multiple readings, if you'd like to make changes to the ordinance in that process, we'll bring with us our colleagues from the law department if there are any elements of the ordinance that you wish to discuss in executive session that might be as well. But we'll be coming back to you next on the finance committee and request your approval at that time. >> Thank you. Appreciate it. The last item on our agenda is the annual financial update on the city's three pension funds. >> Thank you. I have David veal, chief investment officer with the city of Austin's employment retirement system. I'll cover the public safety systems and David will add some color on the general retirement system. We're here to give you a review of the 2017 investment return and asset allocations of the three pension plans. We will start with a brief overview, refresher if you will, of the city's three pension systems. In addition, I'll outline some of the controls and independent oversight practiced by all three systems.

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The city of Austin participates in three pension plans, general employees, fire, and police. The police and fire pension plans cover our civil service employees. As a reminder, the city's -- the pension funds are defined benefit plans. In a defined plan, monthly annuity payments are determined by years of service, average salary, and systems multiplier. Investment returns do not affect retiree payments. Each pension system professionally manages investments and run by a board of trustees consisting of elected officials, management appointees, employees, and retirees. Both fire and police have a citizen at large. Each of the pension boards are responsible for taking the necessary steps to preserve the valuation of the respective long-term pension assets. It's important to mention that in 2017 investment returns for all three plans exceeded the assumed actual rate of return. Although the board of trustees oversees the pension systems, each hires a third-party to keep the system running smoothly. Each system hires an outside council to be present at every board meeting to make sure that everything from open meetings act to compliance are in accordance with local, state and federal regulations. For an auditor to perform an annual audit, an actuary to perform a study, a consultant to pick the best money managers who will maximize money for the returns. A big part of the consultants's term helps to take advantage of market environments. In addition to the annual audit, the investment managers reconcile their banks at a custodial bank quarterly at a minimum. In addition, the city as the plan sponsor is required by state law to hire an independent actuary every

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five years to audit each pension system's actuarial work the five-year cycle is coming up in 2018. My office will start the process of hiring an independent audit in the next few months. Switching gears to market performance. This indices table will help put the city's pension returns in perspective. As is evident from this table, the fourth quarter returns were led by the big gains in the equity markets. This table provides a summary of the returns for the three retirement plans on a quarter by quarter basis. All three pension systems had strong gains each quarter throughout 2017. As you clearly see all three plans had a very robust year with realized double digit returns and all three plans maintain disciplined as per the investments set forth in the investment policies. There are two take aways from this table. First over a long-term horizon, last column over 20 years, you can see that the systems meet their assumed rate of return, which is why although it's prudent to monitor our portfolios on a short-term basis, we shouldn't lose sight of the fact that we are long-term investors. All portfolios go through cycles performing really well at times and lagging their peers and/or benchmarks at others. The police pension fund in the last row is a perfect example of a portfolio that hasn't performed as desired in recent years, but yet over 25 years has been in line with its peers in assumed rate of return. I'll turn it over to David to talk about he is. >> Thank you, art. So as art mentioned, I'm David Villareal, the chief employment officer at the city of Austin. I've been in that seat for about two years now. It's a privilege to be here. This chart depicts the asset

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allocation for the trust fund and there are two key takeaways that I think make us different from our state and national peers. One is that we have a heavier than is typical allocation to international equities, which was a tremendous benefit last year. And we also have very little exposure private markets asset, so private equity and private debt we have no exposure to. And for the full year we generated 16.6 year percent rate of fees, and that included 60 basis points of performance relative to the policy index. That amounts to about 15 million extra dollars in the fund that would not have been there otherwise. So last year was our best year since 2009. Again driven by the performance of international equities it was up 32%. Domestic equities are up 19%. Even real estate was up eight. And our mlp -- the only thing that was down, and that was down sticks percent and that's a really small percentage of the portfolio. So the market value of the fund reached \$2.63 billion, that's a record level and up substantially from the \$2.3 billion the year prior. >> Thanks, David. For the fire fund, investment returns for the fire fund as a whole were you up 3.5 for the quarter. They follow the same theme as he is with equities being the strongest performing asset class. International equities,, especially emerging markets, out performed domestic equities. And to be more specific, the growth sector out performed the value sector during the quarter and calendar year. For the police retirement system, which is that 770 million, the portfolio was up 3.2% for the quarter and 12% for the year. The systems international equity investments out performed 4 -- out contributed 4.9% in the fourth quarter and gained 27.4 for the year. The systems private equity and timber were the only two sectors that hindered the portfolio. The timber portfolio was

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down 5.9% for the year and 17.8 for the year which kept it from am keeping up with its peers. That concludes our prepared remarks and we will be glad to answer any questions. >> Tovo: I have some questions, but you look lie you have some questions as well. Okay. Oh. Art Alfaro, this is your last audit and finance committee meeting because you're retiring? >> Yes. 31 and a half years. >> Tovo: Thank you -- >> Troxclair: Thank you so much for the work that you've done for us. [Applause]. We appreciate all the work you've done and you being here with us today. >> My pleasure. >> Troxclair: And councilmember pool can't get away without us saying happy birthday to her since we're recognizing people. >> Pool: She managed to slip it in. But I wanted to say along with confusions I'm really impressed with how the funds are performing. Last year was really a good one. The only responsibility, oversight responsibility that you have, but it must make you feel pretty good to be leaving where all threw of our programs are really doing quite well. And knock on wood because we want it to continue to do as well. And thank you, Mr. Veal for the excellent oversight you have brought. The investment portfolio, I appreciate -- I'm a trustee on the board and I've learned a lot in the last few years on that board. And really appreciate the work that Mr. Veal and the rest of the staff. Chris Hanson is the executive director over there, what you are doing on behalf of the employees of the city. >> >> Troxclair: Thank you for recognizing the work. I have a couple of questions. What is -- so did I miss in

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here -- I don't think I did, but can you tell me what the total pension liability is for the three funds? >> I can. I do not have the actual number on there, but I can tell you that the amortization period for the fire is 31 years and they're 67.5% funded. That's as of 2016 and I think David has updated numbers for 2017. >> So for 2017 the actuarial funded ratio is now at 68.3%, up from 67.5 last year. And the amortization period has dropped from 38 years to 37 years. >> And the fire is at 88% funded and 16 years only amortization period. It's really healthy. The police is at 66.2% funded and 27 years amortization. So that helps you an idea of the health of the fund. >> Troxclair: Will you say the police again. >> It is 66.2% funded ratio and 26.6 years amortization period. And the Texas review board likes to have all their plans under 30 years. >> Troxclair: I don't guess I need to ask this question now, but I'm curious the correlation between the number of years and the percentage funded, like how those move together. But it sounds like all three of the funds are under 30 years. Firefighters seems to be in the -- kind of by far in the best position. >> Correct. And it's attributable to I believe they contribute more money than the other two, just by nature of their contracts and like a required contribution on an

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annual basis. The math works out that they contribute a little more and the other has to do since they don't contribute to social security they have that extra 6.2% to contribute to their pension fund. So they're adding more money, knocking down their amortization period faster than the two others. But the other two have social security. Firefighters don't. >> Troxclair: Okay. That's interesting. Thanks for pointing that out. And is there a general indicator that credit agencies use to evaluate us? >> They obviously use a multitude of factors, but two of the ones they use are funded ratio, amortization period. They're trying to look at post-employment gas 68 -- 668. Diana? >> Yes. With regard to other post employment benefits. So for medical benefits that we provide to retirees, they're looking at those funded ratios as well. >> So what's the -- >> They don't have a certain number they look at. In combination with all the other ratios that the city provides when they meet with the rating categories. >> Troxclair: So they don't have benchmark as far as the percentage funded -- >> Not that we're aware of. When we've met with them to date, they haven't raised any concerns with what our ratios are at this point. >> Troxclair: Okay. How do we compare to other cities? >> I would say that the Texas pension review board puts out a list of all the Texas cities and we were -- I'd say middle of the pack. We were on average, the police were on average. Fire was in the top decile of funds. >> Troxclair: Okay. I think that's all the questions I have for now. Councilmember alter?

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>> Alter: Thank you. Does the city also contribute different amounts across the three? >> Yes, they do. The city contributes to the employees retirement system 18%. Employees contribute eight. On the fire side we contribute -- the city contributes 22.05% and employees contribute 18.7. For the police, the city contributes 27.5%, and employees contribute 19.2%. I'm sorry, I'm sorry, that includes social security. Employees contribute 13% for police. And the city contributes 21.3. For the fire employees contribute 18.7 and the city contributes 22.25. >> Alter: So if I'm understanding you correctly, you're saying that we are average relative to other cities? >> In terms of funded ratio and amortization period. >> Alter: Okay. Because other cities have been experiencing -- like Dallas and others have been experiencing some serious issues with them. And this is my first opportunity to be reviewing our pensions. Are there things that we should be doing or considering that would put us into a better position? Obviously there's only so much we can control in terms of the return, but we do have levers that we can move. What are the things that we should be doing to put us in a better position or considering in terms of policy? >> I would say the two big factors when it comes to the health of a plan are the investment returns is a big contributing factor in terms of money coming in. And going out is obviously the benefits. As mayor pro tem tovo will attest, the police looked at our benefits structure a few years ago and realized that there are certain things

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that were not actuarially neutral, so we took steps to correct that. Even though we felt that we were healthy, we wanted to make sure that going forward we wouldn't get in a situation like Dallas. So anything that wasn't state -- guaranteed by the state legislature we could manage changes. So things going forward. So we made changes to the drop program. We made changes to -- we used to subsidize -- our police retirement system allows employees to buy back two years of military service. It was subsidized at about 75%. We got rid of that. And still allow them to buy their service, but not at a subsidized level. So we made some changes that we think going forward, but the -- that put the Monday a strong position. Like David said you look at your allocation in an annual basis. We've had a strong run in the market for the last nine years so at some point there will be a correction so you try to position your portfolio in a defensive mode to not take a big hit. There are things you can do from a trustees perspective and we obviously monitor that on a quarterly basis, if not a monthly basis. >> What does the fire department pay the fire department, but not the police? >> My understanding is that years ago they had a choice and they chose I assume by a vote, to not be part of social security. And once you do that you can't go back. That's my understanding. >> I believe it goes back to the late '70s or early '80s when that decision was made. >> Alter: Thank you. And one last question. Are there things in the police contract that we should be looking at that would affect our solvency of our pension -- you mentioned some things that you could do that were obviously outside of the contract and that were done in the past with the -- are there other things that we should be looking at that are in the contract since we have the contract? >> My understanding is -- I'm not involved with that aspect, but my understanding is that when it comes to the meet and confer and the

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police contract that's separate from the pension. Like I know on the fire side, through their contract they chose to in lieu of a raise, have the raise to their contribution fund. They made that decision. But I think it's each union decides on how they will negotiate their contract, but pensions are generally outside of that contract negotiation. >> Alter: Okay. I'll check on that with the labor relations office. >> It's not -- they can do it, I just think they choose not to. >> I just want to add on that that the amount of the city's contribution is something that we negotiate. So the numbers that are mentioned, the 22.05 is something that's negotiated at the table. The employees' contribution is something they can decide and take to the state legislature to increase if they wanted to. >> Alter: Thank you. >> Troxclair: So I have a note here that moody's and Fitch decided the city's pension burden as a main challenge in terms of credit. Can you expand on that? >> Can you talk about it? >> So yes, that study that came out awhile back, we responded to that, and I don't recall the specifics, but -- they weren't including all the numbers that -- so the numbers were skewed in our opinion. When they were comparing to other -- to our peers, but I can't recall the specifics. >> Troxclair: Okay. >> But I know -- my office meets with the rating agencies, so when we meet with them for Austin, obviously pensions are a big issue nationwide and we always -- we have a in-depth discussion with them. They've never had any issues with us. But yet as councilmember points out, then we see this report that kind of points us in a negative light so we were concerned about that.

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But sometimes they just grab data from a cap and they don't put it in context. So unfortunately I can't specifically address that report. >> Troxclair: Okay. It looks like that was from August of 2017. Is that the one you're talking about? >> I believe so. I believe it was in the fall. >> Troxclair: Okay. I just -- this isn't my area of expertise, but just seems like in the 60s is -- I don't know. I've seen all of the -- many other cities in the news about how -- how they're doing really their city employees a disservice by not addressing what is a serious problem in their pension programs. Because the benefits that they are expecting won't ultimately be there. And I don't know, 68 and 66 percent sound low to me. >> I would ideally want to be in the 80%. That's the target we're heading to. Anything above 80 is very healthy. >> Troxclair: So when was the last time that we were above 80? >> Well, Austin -- I know he is was fully funded back in 2001, I believe? And then after that it just -- >> I do know that while art has been looking, one of the things that we did do on the employee retirement system was in 2012 we put in a supplemental funding plan to help better fund the program. And we went from the city contributing eight percent matching the employees' eight percent up to where we are now at 18 percent contributing. So that should help and continue to help fund the program. >> Ears ers in '04, they were 80%

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funded. >> So that was the last time we were 80% funded. So what has happened since then and how you -- you said we're making you want to get back to that. What are we going to do. >> The crisis of 01 and 08. The city of Austin -- was it in 2005 when we went to a two-tiered system? >> 2012. >> So in 2012 the city of Austin implemented a two-tiered system to try to mitigate that concern. We were at infinity amortization period and we are now at 68. It takes some time as the new employees go into the new tier, and old employees from the previous tier drop off, it will over time strengthen the plan. >> Troxclair: And the tier you mean that the -- the tiers you mean that the city is funding -- that the city went from funding eight percent to 18 percent? >> That's part of it, but it's the benefit. So tier 1 you can retire at 20 years of service, any age. The new tier you have to work until you're 62 and 30 years of service and a lower multiplier. >> It's really been a function of low return environment. When you look at the returns in the '80s and '90s, double digits was easy to do. You get in the 2000s, the fed starts cutting interest rates and the kinds of returns you can generate in the marketplace have been over the last 10 years six percent for our fund. That's on the higher side of our peers. So it's been a function of the environment as much as anything I think on the asset side. >> Troxclair: Councilmember pool. >> Pool: I can say for having been a trustee for about three must years now you really do have to take a long year year and cautious approach to managing the monies because they're large sums and they're entirely

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subject to what's happening in the market. And always of us is always after the fact. You can't really -- if you have any stocks or future actual funds, you know how difficult it is to predict. So we have people who have good solid foundations and their experience and expertise and training who are giving advice to -- at least speaking only for the ers portion of it, we have done a really good job with our manage. Choices and our investment choices based on the recommendations. I have my retirement from the state of Texas and I think the state of Texas may have similar kind of -- they have the same challenges and they have similar actuarial soundness numbers. So our city of Austin situation is really right there with everybody else and we're still coming out of the lags and the slow that was after 911 and was it 2007-2008 stock market crash where things lost about 30 to 40 percent of their value. And we're moving back. I would say that 2017 was pretty extraordinary as far as the additional funds that were made on the investments. So we're all hoping that that will continue, but we're in a long-term, long range game here. And the fund has been a quality fund for many decades and I expect it will continue to be a quality fund well into the future. This is a huge benefit for our city employees and they rely on this for their retirement. >> Troxclair: Councilmember alter? >> Alter: I appreciate that my colleagues serve on the retirement board so you may have more information on that and we don't. Mayor pro tem is on -- we all applaud having good

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investment returns and we would expect nothing less, but there still may be other policy things that we could consider in order to ensure you are that our retirement systems are in the best of health. So maybe councilmember troxclair, we can think about an appropriate next step for maybe this committee or you and I alone with them to talk about that to better understand the soundness of where we're at. And we may be perfectly fine and it wasn't within the scope of your briefing today and the ability in the briefing today, but I know that I would like more information on that. >> Today's briefing was more geared on returns, but we can give you information on the health of the plan, absolutely. >> Alter: I'm not officially on the committee yet so I won't speak for the committee. >> Troxclair: And I'm the only one left here so I say the committee would love that. [Laughter]. Thanks for that suggestion. I too would welcome any follow-up presentation or information. >> I just wanted to say I think that's a great idea. Ed van eenoo, deputy cfo. If you want to do that that's a heavy lift topic. It could be the entire meeting if you want to get into the assumptions and the actuarials, I think it would be really great. We could give you a really good presentation, but it won't work on an agenda with six other agenda items. It would be a heavy lift topic. >> Troxclair: Maybe we could just follow up with them for now separately. Okay. Thank you. Well, congrats on your retirement. >> Thank you. >> Troxclair: And with that, I think we will just end this month's meeting of the audit and finance committee. It's 11:54 and I appreciate all of your time.