



BOARD MEETING
Public Meeting held in-person and telephonically
Pursuant to Texas Govt. Code 551.127
4700 Mueller Blvd., Austin, TX 78723
Thursday, March 28, 2024

Board Members Present

Michael Benson
Kelly Crook
Michael Granof
Dick Lavine
Yuejiao Liu, Chair
Leslie Pool
Anthony B. Ross, Sr.
Brad Sinclair
Diana Thomas
Ed Van Eenoo

Board Members Absent

Chris Noak

Guests:

Paige Saenz, General Counsel
Spencer Hunter, RVK*
Ian Bray, RVK
Lewis Ward, GRS*

Staff:

Christopher Hanson
David Kushner
David Stafford
Jenni Bonds
Mehrin Rahman
Michelle Mahaini
Russell Nash
Sarah McCleary
Ty Sorrel
Kelly Doggett
Yun Quintanilla
Amy Kelley*
Teresa Cantu

* present telephonically

† present via videoconference

1 Call meeting to order

Chair Yuejiao Liu called the meeting to order at 10:04 a.m.

2 Call roll of Trustees

Ms. Sarah McCleary called the roll. The following Trustees were present in person: Benson, Crook, Granof, Lavine, Liu, Pool, Ross, Sinclair, Thomas, and Van Eenoo.

3 Review order of business and establish meeting objectives

Chair Liu reviewed the objectives of the meeting and asked if Trustees needed to take any agenda items out of order. No changes were made to the order of the agenda.

4 Receive System member and public comments

Chair Liu asked if there was anyone who wished to make a public comment; there were none.

5 Consent items - All the following items may be acted upon by one motion. No separate discussion or action on any of the items is necessary unless desired by a Trustee.

- A. January 31, 2024 Board meeting minutes**
- B. Ratification of December 2023, and January and February 2024 retirements**
- C. Disability Claims #2401, #2402, #2403 and #2404**
- D. Election for Active-Contributory and Retired Board Members policy**
- E. Fraud, Waste and Abuse Reporting policy**
- F. Investment Practices and Performance Evaluation report**
- G. Private Credit Strategic Plan**

Chair Liu noted that the decision for Disability claim #2404 was now included in the packet. Ms. Leslie Pool moved to approve the consent agenda as presented. Ms. Kelly Crook seconded, and the motion passed 10-0.

6 Receive reports on the following Board administrative matters including:

- A. Ethics policy disclosure statements**
- B. Report on 2023 annual financial disclosure and annual ethics policy statements**
- C. 2024 meeting calendar**
- D. February 22, 2024 Investment Committee meeting**
- E. March 6, 2024 Audit and Risk Committee meeting**
- F. March 6, 2024 Benefits and Services Committee meeting**
- G. March 6, 2024 Governance and HR Committee meeting**
- H. March 6, 2024 Policy Committee meeting**

Mr. Russell Nash declared a meeting with Holly Dickson of Link Labs. Mr. Kelly Doggett declared attendance at PIMCO Alternative Credit Roundtable Discussion where lunch was provided.

7 Discuss and consider the December 31, 2023 actuarial valuation results

Mr. Lewis Ward of GRS presented the actuarial valuation results prepared as of December 31, 2023. He reported that the funding period is now 30 years as the result of the legislation passed during the 88th Legislative Session. He discussed that while COAERS investment returns in 2023 surpassed the assumed rate of return of 6.75%, deferred investment losses from 2022, \$98.5 million in total, are recognized in this actuarial valuation. Mr. Ward reported that the System incurred an additional liability loss of \$89.5 million due to higher-than-expected salary increases. Mr. Ward also reported that the losses in this valuation create a loss layer payment of 1.16% of payroll. 2025 contributions will be: Member rate: 10%; City Contribution

Rate: 8.47% plus Legacy Liability Payment of \$111 million. Trustees requested that future valuations include the Legacy Liability payment also expressed as a percentage of payroll.

Ms. Crook moved to adopt the December 31, 2023 actuarial valuation results. Mr. Brad Sinclair seconded, and the motion passed 10-0.

8 Receive report on audit of COAERS actuarial valuations

Mr. Nash discussed the City's audit of COAERS actuarial valuations and experience studies. Mr. Nash reported that the Athena audit concluded that there were no significant deficiencies in the reporting, nor in the basis for which the actuarial assumptions were determined. Mr. Nash noted that the results of the actuarial audit would be presented to the City Audit and Finance Committee on April 24, 2024 and that the report will also be filed with the Texas Pension Review Board.

9 Discuss and consider Global Equities portfolio including:

- A. Portfolio benchmarks**
- B. Global equities strategic asset allocation**
- C. Global equities regional guidelines**
- D. US equity portfolio structure**
- E. Global Equity Premier List**
- F. Funding implementation plan**

Mr. David Stafford reported that the Investment Committee recommended the Board approve the MSCI All Country World Index Investable Market Index (MSCI ACWI-IMI) as the benchmark for the Global Equity portfolio.

Mr. Stafford also reported that the Investment Consultant and Staff recommended the utilization of Investable Market Index (IMI) versions of the MSCI USA, MSCI World ex-US, and MSCI Emerging Markets indices as benchmarks for regional composite structuring and performance monitoring purposes.

Mr. Ed Van Eenoo moved to approve the MSCI All Country World Index Investable Market Index (MSCI ACWI-IMI) as the benchmark for the Global Equity portfolio and utilize Investable Market Index (IMI) versions of the MSCI USA, MSCI World ex-US, and MSCI Emerging Markets indices as benchmarks for regional composite structuring and performance monitoring purposes. Mr. Dick Lavine seconded, and the motion passed 10-0.

Mr. Van Eenoo moved to approve the Global Equities strategic asset allocation structure as laid out in Exhibit 1; to approve the regional guidelines for Global Equities as laid out in Exhibit 2; to approve the initial reduction of US Diversifiers to 25% of US Equities and the US Diversifiers Phase Out Guidelines; to approve the Premier List changes as noted in Exhibit 3; and to approve the rebalancing

recommendations as laid out in Exhibit 4. Ms. Diana Thomas seconded, and the motion passed 10-0.

10 Governance and Human Resources Committee:

A. Discuss and consider proposed revisions to Board Bylaws

Mr. Christopher Hanson presented proposed revisions to the Board Bylaws, which addressed the composition of the Board of Trustees following the passage of Senate Bill 1444, and included a review cycle to each Board Policy. He noted that the draft also included suggestions from the Governance and HR Committee regarding adding a vice-chair to committees and discussed the proposed responsibilities of the committee vice-chair.

Ms. Pool moved to approve the Board Bylaws as presented. Mr. Sinclair seconded, and the motion passed 10-0.

B. Discuss and consider repeal of Board Policy “Appointments to Fill Unexpired Terms”

Mr. Hanson reminded Trustees that after the resignation of Ms. Amy Hunter from the Board in the fall of 2023, the Board directed Staff to propose a more flexible approach than the current Board Policy should the Board seek to fill an unexpired term. Mr. Hanson noted those changes were incorporated into the Board Bylaws making this policy unnecessary.

Ms. Pool moved to repeal the “Appointments to Fill Unexpired Terms” policy. Mr. Sinclair seconded, and the motion passed 10-0.

11 Discuss and consider Policy Committee Charter

Mr. Hanson reported on the proposed Policy Committee Charter including revisions necessary to be in conformity with the new Board Bylaws. Ms. Crook moved to adopt the Policy Committee Charter as presented. Ms. Thomas seconded, and the motion passed 10-0.

12 Receive report from Executive Director on the following matters:

A. Operational matters including staffing

B. 2023 administrative budget

C. MET report and upcoming educational programs and conferences

Mr. Hanson thanked several Staff for their hard work in facilitating the move to the new offices while keeping operations moving. He noted that training opportunities were included in the packet and urged Trustees who were interested in attending events to contact Staff for registration and travel arrangements.

13 Review key meeting takeaways and call for future agenda items

Chair Liu summarized the decisions made at this meeting and asked for future agenda items.

As there were no other items to discuss, the meeting adjourned at 10:53 a.m.

These minutes were approved at the June 27, 2024 Board meeting.