



BOARD MEETING

Public Meeting held in-person and telephonically on January 31, 2024 at 10:00 am CT
Pursuant to Texas Govt. Code 551.127
6850 Austin Center Blvd., Suite 320, Austin, TX 78731

Board Members Present

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

Board Members Absent

Guests:

Paige Saenz, General Counsel
Spencer Hunter, RVK
Ian Bray, RVK*

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*

* present telephonically

† present via videoconference

1 Call meeting to order

Chair Yuejiao Liu called the meeting to order at 10:02 a.m.

2 Call roll of Trustees

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

Mr. Benson arrived at 10:03 a.m.

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. Trustees agreed to take investment-related items beginning with 8A after agenda item #4.

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 Election of 2024 Officers: Board Chair and Vice Chair

This item was taken out of order, after agenda item #8B.

Ms. Pool moved to elect Yuejiao Liu as Chair and Brad Sinclair as Vice-Chair for 2024. Mr. Chris Noak seconded. This motion was passed by acclamation.

6 Consent items - All of 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. December 19, 2023 Board meeting minutes**
- B. Updated 2022-2026 Strategic Plan**

Ms. Diana Thomas moved to approve the consent agenda as presented. Mr. Anthony Ross seconded, and the motion passed unanimously.

7 Receive reports on the following Board administrative matters including:

- A. Ethics policy disclosure statements**
- B. Annual acknowledgement of ethics policy**
- C. 2023 Annual Financial Disclosure/Conflicts of Interest Affidavits**
- D. 2024 Committee assignments process**
- E. Report from January 19, 2024 Investment Committee meeting**

Mehrin Rahman declared attendance at 2024 NCPERS Pension Communications Summit with meals provided. Chair Liu noted that Trustees who have not already requested committees should do so.

8 Investments

A. Receive report on preliminary 12/31/2023 Fund performance – RVK

This item was taken out of order, after agenda item #4

Mr. Spencer Hunter of RVK presented a summary of Fund performance for the year 2023, and noted what worked, what did not, and reported on general markets information. Mr. Hunter noted that the US equity market did well. He added that some of the good performance for markets was simply a rebound off the very bad 2022. Mr. Hunter then walked Trustees through performance attribution, showing that investment pool performance and strategic asset allocation added most, while tactical asset allocation and style selection were negative to overall performance. Trustees discussed peer groups, and private versus public comparisons in the short term.

After this agenda item, Trustees moved to agenda item #10

B. Discuss and consider strategic policy rebalancing and delegated authority - David Stafford

This item was taken out of order, after agenda item #11

Mr. Stafford briefed Trustees on market dynamics and ongoing discussions about the Fund's Strategic Asset Allocation and recommended that the Board maintain existing positioning in the Strategic Rebalancing Ranges.

Mr. Ross moved to approve a policy exception to allow Staff to:

1. not rebalance the asset and underlying sub-asset classes for Fixed Income and Multi-Asset for Market Drift and
2. rebalance the Fund for Risk Management within the Strategic Rebalancing Ranges for Cash & Equivalents.

Ms. Kelly Crook seconded. After discussion, this motion was withdrawn.

Mr. Mike Benson moved to approve a policy exception to allow Staff to maintain existing positioning in the Strategic Rebalancing Ranges, and further,

1. not rebalance the asset and underlying sub-asset classes for Fixed Income and Multi-Asset for Market Drift and
2. rebalance the Fund for Risk Management within the Strategic Rebalancing Ranges for Cash & Equivalents.

Ms. Leslie Pool seconded. After discussion, the motion was given substitute language by Ms. Pool and Ms. Crook as follows:

Move to approve a policy exception to allow Staff to maintain existing positioning in the Strategic Rebalancing Ranges for a period of twelve months and not rebalance the asset and underlying sub-asset classes for Fixed Income and Multi-Asset for market drift.

This revised motion was passed unanimously.

Trustees took a break from 12:25 to 12:45 p.m., when they returned to agenda item #5.

- 9 Receive report from Executive Director on the following matters:**
- A. 4700 Mueller update**
 - B. Review 2024 meeting schedule and Committee Work Plans**
 - C. MET report and upcoming educational programs/conferences**

Mr. Christopher Hanson updated the Board on the state of the new building and moving plans, the upcoming schedules and work plans, and noted that all Trustees are either compliant with their training requirements or have just entered a new cycle.

When this agenda item was revisited, Mr. Noak inquired about having an Investment Committee of the whole. Trustees decided to let the Investment Committee consider this issue at its first meeting and inform the Board Chair of any recommendation

regarding the Committee of the whole. Mr. Hanson also reminded Trustees that new Committees will review the Work Plans and may amend them; they may also change the schedules.

10 Discuss and consider the governance of the investment program and the oversight role of the Board

This item was taken out of order, after agenda item #8A

Trustees discussed the investment program and established a consensus that COAERS investments are underperforming. Chair Liu asked all Trustees to weigh in with their thoughts. Trustees had a discussion of what was the appropriate level of decision-making and oversight. Trustees discussed how much should be delegated to the Investment Committee since the whole Board approves the decisions. Trustees discussed key Board decisions including strategic asset allocation, level of risk tolerance of the portfolio, and the Investment Policy Statement and Investment Implementation Policy.

Trustees then discussed the need to focus on the most critical issues in the limited time Trustees have at Committee and Board meetings. One item discussed was creating the Investment Committee as a Committee of the whole and another was having more called Board meetings to ensure important investment decisions did not wait weeks or months to be considered by the Board. Trustees also discussed the need for specific recommendations, the need to establish expectations and accountability for the performance of the Fund. Staff noted that they would work to incorporate the Trustees' discussion into the Board and Committee materials and communications regarding the investment program.

11 Discuss and consider engaging a firm to evaluate COAERS' investment practices and performance

Mr. Ed Van Eenoo moved to direct the Executive Director to work with the Investment Committee, or a working group of the Investment Committee, to negotiate and execute a contract with an independent third-party investment consultant to conduct a comprehensive review of the system's investment performance, practices, and policies. Mr. Ross seconded. Further discussion of the motion yielded direction to place this on the agenda of the February Investment Committee agenda with the understanding that Executive Director Hanson could research and award the contract if under \$50,000 without Board approval. Discussion clarified that a report with findings and recommendations should be provided to the Board no later than June 30, 2024. The motion passed 10-1 (Ms. Crook dissenting).

After this agenda item, Trustees moved on to agenda item 8B.

12 Executive Session

A. Convene into Executive Session pursuant to Tex. Government Code 551.074 to deliberate the evaluation, employment, and/or duties of the

Executive Director

B. Reconvene into public session and take action, if any, as determined appropriate

Trustees convened into Executive Session at 1:04 p.m.

Mr. Benson left the meeting at 1:37 p.m.

Trustees reconvened into Public Session at 1:41 p.m.

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. Trustees asked to revisit agenda item #9 in order to discuss committee schedules.

As there were no other items to discuss, the meeting adjourned at 1:50 p.m.

These minutes were approved at the March 28, 2024 Board Meeting.