



BOARD MEETING

Public Meeting held in-person and telephonically on December 19, 2023 at 10:00 am CT
Pursuant to Texas Govt. Code 551.127

<u>Board Members Present</u>	<u>Board Members Absent</u>	<u>Staff:</u>
Michael Benson	Amy Hunter	Christopher Hanson
Kelly Crook	Leslie Pool	David Kushner
Michael Granof		David Stafford
Dick Lavine		Jenni Bonds
Yuejiao Liu, Chair	<u>Guests:</u>	Mehrin Rahman*
Chris Noak	Paige Saenz, General Counsel	Michelle Mahaini*
Anthony B. Ross, Sr.	Lynn Cui*	Russell Nash
Brad Sinclair	Kevin Balaod, With Intelligence*	Sarah McCleary
Diana Thomas	Spencer Hunter, RVK*	Teresa Cantu
	Ian Bray, RVK*	Ty Sorrel
	Reed Harmon, RVK*	Kelly Doggett*
	James Baratta, Mandate Wire*	Yun Quintanilla
	Alexander Moncho, DarkTrace*	Sravani Batchu*
		Blake Lemen*
		Amy Kelley*

- * present telephonically
- † present via videoconference

1 Call meeting to order

Chair Yuejiao Liu called the meeting to order at 10:03 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, Noak, Ross, Sinclair, and Thomas.

3 Review order of business and establish meeting objectives

Chair Yuejiao 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 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. September 21, 2023 Board meeting minutes**
 - B. October 9 and 10, 2023 Board Workshop meeting minutes**
 - C. November 9, 2023 Board meeting minutes**
 - D. Ratification of September, October, and November 2023 retirements**
 - E. Interest allocation on member accounts**
 - F. Education Policy**
 - G. Records Management Policy**
 - H. CliftonLarsonAllen (CLA) Statement of Work for 12/31/2023 financial statement audit**
 - I. Governmental Relations Consultant contract**

Mr. Anthony Ross asked that Item F (Education Policy) be pulled from the consent agenda.

Mr. Brad Sinclair moved to approve the consent agenda as revised. Ms. Diana Thomas seconded, and the motion passed 9-0.

Trustees discussed verbiage in the proposed Education Policy pertaining to customized education plans for Trustees. After discussion, Trustees agreed to strike that provision. Mr. Ross moved to adopt the Education Policy as revised. Ms. Thomas seconded, and the motion passed 9-0.

- 6 Receive reports on the following Board administrative matters including:**
- A. Ethics policy disclosure statements**
 - B. Report from November 9, 2023 Legislative Committee**
 - C. Report from November 9, 2023 Benefits and Services Committee**
 - D. Report from November 9, 2023 Audit and Risk Committee**
 - E. Report from November 9, 2023 Governance and HR Committee**
 - F. Report from November 9, 2023 Policy Committee**
 - G. Report from November 17, 2023 Investment Committee**

Staff Declarations:

Russell Nash declared meetings with Austin 5th Wall Roofing Company; Jeff Anderson, PBI Research Services; Brian Hall, Thompson Reuters; Mitch Thompson, CLA State and Local Government. Michelle Mahaini declared attendance at the Annual Rave Safety Summit 10/24/23 at the Johnson Wildflower Center, attendance at the TSLAC Annual E-Records Conference at the JJ Pickle Center on 11/3/23, and a meeting with Texas 5th Wall Roofers on 11/15/2023 at Mueller. Teresa Cantu declared winning a handheld slot machine at the LRS Conference in October 2023. Christopher Hanson declared attendance at Global ARC with lunch provided.

Chair Liu noted that Trustees with questions on the Committee meeting reports should contact Staff.

7 Certification of election results as announced by the Nominating and Election Committee

Ms. Lynn Cui, Chair of the Nominating and Election Committee, reported that Mr. Brad Sinclair was the winner of the Place 7 active member election receiving 452 votes out of 630 valid ballots cast.

Trustees thanked the Committee for their efforts. Trustees discussed the low voter turnout and possible ways to improve turnout in future elections.

Ms. Kelly Crook moved to certify the election results and declare the official winner as reported by the Nominating and Election Committee. Mr. Chris Noak seconded, and the motion passed 8 yes, 0 no, and 1 (Sinclair) abstained.

**8 Discuss and consider the following items:
A. 2024 administrative budget**

Mr. Hanson presented the draft 2024 administrative budget. Mr. Noak moved to approve the 2024 administrative budget as presented. Ms. Thomas seconded, and the motion passed 9-0.

B. 2024 investment budget

Mr. Hanson presented the draft 2024 investment budget. He noted that according to CEM Benchmarking, COAERS remains low-cost relative to peers. Trustees discussed and decided to review agenda item #10 prior to this vote.

Trustees revisited this item at 12:17 p.m.

Mr. Michael Benson moved to approve the 2024 investment budget as presented. Mr. Sinclair seconded, and the motion passed 9-0, with direction to Staff to build out a breakeven analysis for additional private markets costs as discussed.

**9 Discuss and consider 4700 Mueller including:
A. Status report, space planning, and construction budget
B. 2024 operations and projected pro forma analysis**

Mr. Hanson shared an update on the new facility. He reported that tentative plans for the move to the new facility are contingent on the receipt of the certificate of occupancy and then operational functionality for core COAERS activities. He noted that the tentative plan is to hold the January Board meeting in the current Northpoint space, then move the boardroom and equipment to 4700 Mueller in February 2024. Mr. Hanson also reported the 2024 administrative budget included payment for rent

at Northpoint in March 2024 as a contingency should additional time to move to the new facility be necessary.

Mr. Hanson also shared the pro forma analysis, both with and without roof replacement costs due to the last hailstorm. Mr. Noak moved to approve the use of remaining budgeted funds to replace the roof. Mr. Sinclair seconded, and the vote passed 9-0.

10 Investment Committee

- A. Discuss and consider strategic policy rebalancing and delegated authority – David Stafford**
- B. Discuss and consider Premier List for Fixed Income – David Kushner**
- C. Discuss and consider Request for Proposal for General Consulting Services and Request for Information for Private Markets Consulting Services – David Kushner**

10A Strategic Policy Rebalancing and Delegated Authority

Mr. David Stafford reminded Trustees that the Board had authorized a policy exception until the December meeting to allow Staff to not rebalance the Fund back into the Strategic Bands for certain asset and sub-asset classes, and to further authorize Staff to rebalance within the Strategic Rebalancing Ranges for Cash & Equivalents. He noted that given ongoing market dynamics and Investment Committee priorities, Staff believed it would be prudent to extend this same authorization through January 2024.

Mr. Dick Lavine moved 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.

Mr. Ross seconded, and the motion passed 9-0.

Mr. Stafford presented a proposed funding implementation plan and asked Trustees to consider rebalancing the fund for risk management. He discussed how the Fund was modestly overweight equities after a “risk-on” market sentiment since the end of October and how long duration yields fell significantly over a short period of time. He presented a recommended rebalance which brought Global Equities back nearer to neutral and modestly reduced duration.

Mr. Noak moved to approve the proposed funding implementation plan. Mr. Ross seconded, and the motion passed 9-0.

10B Discuss and consider Premier List for Fixed Income

Mr. Kushner presented a revised Premier List for Fixed Income including a recommended funding implementation plan. Mr. Noak moved to approve the Premier List for Fixed Income, and the updated funding implementation plan as presented. Mr. Benson seconded, and the motion passed 9-0.

10C Discuss and consider Request for Proposal for General Consulting Services and Request for Information for Private Markets Consulting Service

Mr. Kushner presented the elements of the Request for Proposal and Request for Information for General Consulting and Private Markets consulting respectively. Trustees discussed several elements including which questions to ask of each, and possible changes to timelines regarding firms' histories.

Ms. Thomas moved to approve the Request for Proposal for General Consulting Services and the Request for Information for Private Markets Consulting Services, as amended. Ms. Crook seconded, and the motion passed 8 yes – 1 no (Ross).

Trustees took a break from 11:52 a.m. to 12:17 p.m.

At 12:17 p.m., Trustees returned to agenda item 8-B.

- 11 Receive report from Executive Director on the following matters:**
- A. 2024 Board and Committee calendar**
 - B. Call for nominations Chair and Vice Chair**
 - C. MET report and upcoming educational programs and conferences**

Mr. Hanson presented the draft 2024 calendar and asked Trustees to compare their calendars to note, to the extent possible, conflicts with other Boards and City meetings. With a few changes after receipt of Trustee feedback, a new calendar was agreed upon and Staff directed to send meeting invites to all Trustees.

Mr. Hanson noted that in 2024, all Trustees are eligible to serve as either Chair or Vice-Chair, and Staff will send out the notification when nominations are open.

Mr. Hanson thanked Trustees for their commitment to ongoing education and noted that all Trustees were compliant with their PRB-required training, with most Trustees going well above the minimum threshold. Mr. Ross noted that there may be an error with his hours in the category of "core".

- 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 12:50 p.m.

Mr. Benson left the meeting at 1:32 p.m.

Trustees reconvened into Public Session at 1:59 p.m.

Mr. Noak moved to approve the evaluation, and approve a salary increase of 3.5% effective beginning pay period #1 of 2024, and direct general counsel to give effect to what was discussed in Executive Session, and amend the 2024 administrative budget accordingly.

Ms. Crook seconded, and the motion passed 7 (Crook, Granof, Lavine, Liu, Noak, Sinclair, Thomas) to 1 (Ross).

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. Ms. Crook asked that Staff work with Trustees to arrange a January Board Workshop (on site).

As there were no other items to discuss, the meeting adjourned at 2:04 p.m.

These minutes were approved at the January 31, 2024 Board meeting.