




December 19 Board Meeting


Schedule	Tuesday, December 19, 2023 10:00 AM — 2:00 PM CST
Venue	6850 Austin Center Blvd., Suite 320, Austin, TX 78731
Organizer	Sarah McCleary

Agenda
















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5. Consent items - All of the following items may be acted upon by one motion. 10
 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
- Presented by Yuejiao Liu, Chair

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Vote Vote to approve the consent agenda as proposed
 0 Yes 0 No 0 Abstain 11 Pending




6. Receive reports on the following Board administrative matters including:	65
A. Ethics policy disclosure statements	
B. Report from November 9, 2023 Legislative Committee	
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Vote Vote to certify the election results and declare the official winner of the election for Place 7 on the Board of Trustees as reported by the Nominating and Election Committee.	
0 Yes 0 No 0 Abstain 11 Pending	
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Vote Vote to approve the 2024 administrative budget as presented	
0 Yes 0 No 0 Abstain 11 Pending	
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Vote Vote to approve the 2024 Investment Budget as presented	
0 Yes 0 No 0 Abstain 11 Pending	

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Vote Vote to approve the use of remaining budgeted funds from the Board- approved 4700 construction budget to replace the roof on the 4700 Mueller property	
0 Yes 0 No 0 Abstain 11 Pending	

10. Investment Committee	116
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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	

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Vote Vote to authorize a policy exception through the January 2024 Board meeting 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.

0 Yes 0 No 0 Abstain 11 Pending

Vote Vote to approve the proposed funding implementation plan

0 Yes 0 No 0 Abstain 11 Pending

10B Discuss and consider Premier List for Fixed Income	128
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Vote Vote to approve the Premier List for Fixed Income and approve the updated funding implementation plan as presented

0 Yes 0 No 0 Abstain 11 Pending

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Vote Vote to approve the Request for Proposal for General Consulting Services and the Request for Information for Private Markets Consulting Services
0 Yes 0 No 0 Abstain 11 Pending

11. Receive report from Executive Director on the following matters: 173

A. 2024 Board and Committee calendar

B. Call for nominations Chair and Vice Chair

C. MET report and upcoming educational programs and conferences

Presented by Christopher Hanson

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1. Call meeting to order

Presented by Yuejiao Liu, Chair



BOARD MEETING
Agenda Item Information Sheet

AGENDA ITEM 1:
Call meeting to order

AGENDA ITEM OBJECTIVE

The objective of the agenda item is to formally begin the Board meeting. This is a standing Board item.

2. Call roll of Trustees

Presented by Yuejiao Liu, Chair



BOARD MEETING
Agenda Item Information Sheet

AGENDA ITEM 2:
Call roll of Trustees

AGENDA ITEM OBJECTIVE

The objective of the agenda item is to determine for the record which Trustees are present at the start of the meeting.

Each Trustee should respond to the roll call, and it will be noted which Trustees are present in person and which Trustees have joined via video conference.

3. Review order of business and establish meeting objectives

Presented by Yuejiao Liu, Chair



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 3: Review order of business and meeting objectives

AGENDA ITEM OBJECTIVE

This agenda item provides Trustees the opportunity to review the order of business and hear if any Trustee wishes to take an agenda item out of order, and to discuss the overall objectives of the meeting.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

This agenda item meets COAERS Strategic Plan **Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management.**

MEETING OBJECTIVES

Below is a summary of the major agenda items that the Board will discuss and consider during its December meeting:

1. The Board will receive the results of the election for Trustee Place 7 and consider certification and approval of those results as reported by the Nominating and Election Committee.
2. The Board will discuss matters related to COAERS' new facility at 4700 Mueller.
3. The Board will consider the proposed 2024 administrative budget.
4. The Board will consider the proposed 2024 investment budget.
5. The Board will consider the recommendations of the Investment Committee regarding the approval of proposed changes to the Fixed Income Premier List, a proposal for a Request for Proposal for General Consulting Services and a Request for Information for Private Markets Consulting Services. The Board will also consider strategic policy rebalancing and delegated authority.
6. The Board will receive a report from the Executive Director on the 2024 Board and Committee calendar, the process for Board Chair and Vice Chair nominations for 2024, and current MET hours and upcoming educational events.
7. The Board will conclude its annual review of the performance of the Executive Director.
8. As part of the consent agenda process that Trustees recommended at the Board Workshop, the Board may consider:
 - Approving proposed changes to the Records Management Policy as recommended by the Policy Committee.
 - Approval of 3.87% interest posting on member contributions.
 - Approving proposed changes to the Education Policy as recommended by the Governance and Human Resources Committee.



BOARD MEETING Agenda Item Information Sheet

- The CliftonLarsonAllen (CLA) statement of work for the December 31, 2023 financial statement audit.
- Approval of a governmental relations engagement with HillCo Partners for 2024.

4. Receive System member and public comments

Presented by Yuejiao Liu, Chair



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 4: Receive System member and public comments

AGENDA ITEM OBJECTIVE

The objective of the agenda item is to allow any System member or a member of the public a chance to provide comment to the Board.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

This agenda item aligns with one of the five core competencies established in the COAERS Strategic Plan “**Transparency:** *Complying with open meeting and public information laws to ensure the decision-making process is clear to members and the public.*”

The Chair will recognize any person who wishes to comment, limiting comments to three minutes per person.

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

Presented by Yuejiao Liu, Chair



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 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 2024 contract

AGENDA ITEM OBJECTIVE

The objective of the agenda item is to approve required routine matters.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

This agenda item aligns with one of the five core competencies in the COAERS Strategic Plan: “**Transparency**: *Complying with open meeting and public information laws to ensure the decision-making process is clear to members and the public*”

RECOMMENDATION FOR BOARD ACTION

Staff recommends the Board approve the consent agenda.

BACKGROUND

Minutes are kept and posted for each Board meeting. COAERS governing statute requires the Board to approve all retirement and disability retirement claims.

ATTACHMENTS

1. September 21, 2023 Board meeting minutes
2. October 9 and 10, 2023 Board Workshop meeting minutes
3. November 9, 2023 Board meeting minutes
4. September, October, and November 2023 retirements
5. Executive Summary on Interest allocation on member accounts
6. Letter from Actuary on Interest allocation on member accounts



**BOARD MEETING
Agenda Item Information Sheet**

7. Executive Summary regarding Proposed Education Policy
8. Proposed Education Policy
9. Executive Summary regarding Records Management Policy
10. Proposed Records Management Policy
11. CliftonLarsonAllen (CLA) Statement of Work for 12/31/2023 financial statement audit
12. Governmental Relations Consultant 2024 contract

COAERS
 CITY OF AUSTIN
 EMPLOYEES' RETIREMENT SYSTEM
MINUTES

BOARD MEETING

Public Meeting held in-person and telephonically on September 21, 2023 at 10:00 am CT
 Pursuant to Texas Govt. Code 551.127

Board Members Present

Michael Benson
 Kelly Crook
 Michael Granof†
 Dick Lavine
 Yuejiao Liu, Chair
 Chris Noak†
 Anthony B. Ross, Sr.
 Brad Sinclair†
 Diana Thomas

Board Members Absent

Amy Hunter
 Leslie Pool

Guests:

Paige Saenz, General Counsel
 Kevin Balaod, With Intelligence*
 Spencer Hunter, RVK

Staff:

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

* 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: Benson, Crook, Lavine, Liu, Ross, and Thomas. The following Trustees were present via videoconference: Granof, Noak, and Sinclair.

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 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. June 29, 2023 Board meeting minutes**
 - B. July 27, 2023 Member meeting minutes**
 - C. Ratification, confirmation, and approval of Benefits and Services Committee recommendation on Disability Applications #2305, #2306, and #2307**
 - D. Ratification of June, July, and August 2023 retirements**

Ms. Diana Thomas moved to approve the consent agenda. Mr. Dick Lavine seconded, and the motion passed 9-0.

- 6 Receive reports on the following Board administrative matters including:**
- A. Ethics policy disclosure statements**
 - B. 2023 meeting calendar**
 - C. August 25, 2023 Investment Committee meeting**
 - D. August 31, 2023 Audit and Risk Committee meeting**
 - E. August 31, 2023 Benefits and Services Committee meeting**
 - F. August 31, 2023 Governance and HR Committee meeting**
 - G. August 31, 2023 Policy Committee meeting**

Staff Declarations:

Chris Hanson declared attendance at the NASRA Annual Conference from August 3-9 with breakfast, lunch, and dinner provided. Russell Nash declared meetings with Brian Hall, Thompson Reuters, and meeting with Jeff Anderson, PBI.

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

- 7 Investment Committee**
- A. Discuss and consider Premier List for Global Equities**

Mr. David Stafford presented an overview of the current construction and composition of the Global Equities allocation. He discussed the recent underperformance relative to the benchmark as the more diversified approach employed in the Fund in US equities has lagged the tech driven, heavily concentrated, cap weighted benchmark. Mr. Stafford noted that the Staff has provided an updated Global Equities Premier List, "Option B", as new information had been provided between the Committee and Board meeting. Mr. Stafford reported that the Staff recommended Premier List Option B in light of the new information.

Mr. Lavine moved to approve the Premier List Option B. Ms. Thomas seconded, and the motion passed 9-0.

- B. Receive report on updated Asset/Liability study**

Mr. Christopher Hanson presented the results of an updated Asset/Liability Study by RVK considering the recent legislation passing. Mr. Hanson reported that the funded position improved under all scenarios with the passage of the legislation. Mr. Stafford then discussed certain key takeaways of the study noting better outcomes due to actuarially determined contributions, the impact of expected returns below the assumed rate of return, the System

could bear marginally more risk, slightly better outcomes with asset allocations that use more private markets exposures, and improvements in the liquidity profile of the System.

C. Discuss and consider Asset Allocation Study

Mr. Hanson discussed the impact of broadening the opportunity set of investments in light of the updated Asset/Liability Study. Mr. Spencer Hunter with RVK shared an updated Asset Allocation Study which included a new “Potential Target” asset allocation. Mr. Stafford explained that the Investment Committee had considered this “Potential Target” in terms of both functional portfolio construction and using the statistical outputs from mean variance optimization. Mr. Stafford noted that this analysis suggested that the “Potential Target” portfolio was likely to have higher returns with less risk by increasing diversification with less reliance on public equities. The “Potential Target” included a new 10% allocation to Private Credit, removed the 7% allocation to Multi-Asset, and reduced Global Equities by 3%.

Mr. Lavine moved to approve the “Potential Target” portfolio and direct Staff and Consultant to develop the associated policies and implementation plans, education, and governance reviews for the Board’s future consideration. Mr. Anthony Ross seconded, and the motion passed 9-0.

Mr. Hanson noted that further discussions would occur at the October workshop.

D. Discuss and consider strategic policy rebalancing and delegated authority

Mr. Hanson reported that Staff did not utilize the policy deviation that was approved at the June Board meeting regarding rebalancing. Mr. Stafford noted that the Fund is positioned with a heavy overweight to Cash & Equivalents and heavy underweights to Multi-Asset and Fixed Income and suggested that this positioning remained prudent. Mr. Stafford explained that given market dynamics and expiration of the previous policy deviation, Staff is requesting additional authorization for Fund rebalancing.

Ms. Kelly Crook moved to authorize a policy exception through the December 19, 2023 Board meeting 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.

8 Benefits Committee:

A. Discuss and consider Benefits Administration Operating Procedures

Mr. Russell Nash presented the proposed change to the Benefits Administration Operating Procedures that were necessitated by the legislative provisions in SB 1444 (COAERS legislation), the federal legislative changes (Secure Act 2.0), and administrative changes arising from day-to-day administration of the plan. Ms. Thomas moved to approve the proposed changes to the Benefits Operating Procedures. Mr. Michael Benson seconded, and the motion passed 9-0.

B. Discuss and consider Plan Resolution 2023-0921

Mr. Nash reviewed the proposed resolution needed to comply with IRS requirements. Mr. Ross moved to approve Plan Resolution #2023-0921. Ms. Crook seconded, and the motion passed 9-0.

9 Governance and HR Committee

A. Discuss and consider Code of Ethics

Mr. Hanson presented the proposed changes to the Code of Ethics Policy, which included updating the Committee tasked with oversight of the Code of Ethics, establishing a regular review cycle for the Code of Ethics, including language to conform with the recently adopted Fraud, Waste, and Abuse Reporting Policy, and adding new language related to Staff ethics training. Ms. Thomas moved to approve the Code of Ethics as presented. Mr. Ross seconded, and the motion passed 9-0.

B. Discuss and consider Diversity Policy

Mr. Hanson presented minor grammatical changes to the Diversity Policy. Mr. Lavine moved to approve the Diversity Policy as presented. Ms. Crook seconded, and the motion passed 9-0.

C. Discuss and consider Emergency Succession Policy

Mr. Hanson presented one edit, a job title, to the Emergency Succession Policy. Mr. Ross moved to approve the Emergency Succession Policy as presented. Mr. Benson seconded, and the motion passed 9-0.

10 Policy Committee:

A. Discuss and consider Communications Policy

Mr. Hanson presented the Communications Policy as proposed by the Policy Committee. Ms. Crook moved to approve the Communications Policy as presented. Ms. Thomas seconded, and the motion passed 9-0.

B. Discuss and consider 2023 administrative budget amendment

Mr. Hanson reported that the Policy Committee had discussed adding one FTE for a security analyst in 2023 as opposed to waiting until the 2024 budget. Mr. Ross moved to approve the 2023 budget amendment of \$28,948 and increase the total FTE count to 26 as proposed. Ms. Thomas seconded, and the motion passed 9-0.

11 Receive report from Executive Director on the following matters:

A. 4700 Mueller

Mr. Hanson updated the Board on the final costs of acquiring the property showing expenditures below budget. He also reported that construction of the first floor was underway, on schedule, and within budget.

B. October Board Workshop

Mr. Hanson presented a draft agenda for the Board Workshop, noting the venue would be the same as last year.

C. MET report and upcoming educational programs and conferences

Mr. Hanson noted that all Trustees had either met their training requirements or were very close with plenty of time remaining. He thanked Trustees for their commitment to education and presented an updated list of conferences and online courses for Trustees to consider in 2024.

12 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 11:30 a.m.



MINUTES

BOARD MEETING

Public Meeting held in-person on October 9 and 10, 2023
At the Archer Hotel, 3121 Palm Way, Austin, TX 78758

<u>Board Members Present</u>	<u>Board Members Absent</u>	<u>Staff:</u>
Michael Benson	Dick Lavine	Christopher Hanson
Kelly Crook	Diana Thomas	Russell Nash
Michael Granof	Amy Hunter	David Stafford
Yuejiao Liu		David Kushner
Chris Noak, Chair	<u>Guests:</u>	Sarah McCleary
Leslie Pool	Paige Saenz, General Counsel	Jenni Bonds
Anthony B. Ross, Sr.	Ian Bray, RVK	Ty Sorrel
Brad Sinclair	Spencer Hunter, RVK	Kelly Doggett
		Mehrin Rahman

1 **Call meeting to order**

Chair Yuejiao Liu called the meeting to order at 9:00 a.m. on October 9.

2 **Call roll of Trustees**

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

3 **Workshop introductions**

Mr. Christopher Hanson outlined the two-day agenda and provided an overview of the goals.

4 **Discuss and consider Trustee Place 7 resignation letter**

Mr. Hanson shared a resignation letter from the elected Trustee in Place 7 who has accepted employment outside the City of Austin. Due to the timing of the resignation and the proximity to the appointment from the City, Trustees agreed not to appoint another

Trustee or hold a special election. The resigning Trustee will hold over until the position is filled by appointment from the City.

Ms. Leslie Pool moved to accept the resignation from Trustee Place 7 and directed Staff to leave the position vacant, to be filled in January pursuant to new legislation. Mr. Michael Granof seconded, and the motion passed 8-0.

5 Discuss investment goals and philosophy

Mr. David Stafford presented on the goals and philosophy underpinning the Investment program. He discussed the “Austin Model” of investment management including a commitment to being best-in-class. He also updated Trustees on the program’s adopted investment beliefs and results of surveys related to these beliefs. Trustees affirmed that adopted beliefs were still foundational and discussed potentially adding to them. Mr. Stafford also reported on investment goals including peer rankings. Trustees directed Staff to incorporate feedback from these discussions into policy revisions for future consideration.

Trustees took a break from 10:31 a.m. to 10:44 a.m.

6 Discuss Building a Private Markets program

Mr. David Kushner presented Trustees with approaches to constructing private markets programs and the roles of private markets consultants. Trustees gave direction that they preferred a hybrid approach, where both Staff and non-discretionary consultants worked both separately and together to vet opportunities. Trustees also provided direction to identify the general and specialty consultants separately. Mr. Kushner indicated that both an RFP and an RFI will be presented at the November Investment Committee meeting.

Trustees took a break from 12:04 pm to 1:15 p.m.

7 Discuss SCOT analysis (Strengths and Challenges)

Trustees reviewed the 2022 Board Workshop SCOT analysis. Mr. Hanson reported on progress in 2023, how it was being measured, and asked for feedback so any Staff blind spots could be avoided.

Trustees took a break from 2:09 p.m. to 2:24 p.m.

8 Discuss Private Markets governance

Mr. Ian Bray and Mr. Spencer Hunter from RVK shared challenges that boards face when implementing private markets investments. They presented a natural evolution of delegation of authority showing that in the beginning stages, both the IC and Board

review strategic plans, pacing, initial investments, small commitments, and re-ups. As the plan is built out, the Board tends to delegate more decisions to Staff or to the Investment Committee.

Ms. Pool left the meeting from 3:08 p.m. to 3:15 p.m.

Mr. Noak left the room from 3:30 p.m. to 3:40 p.m.

9 Education and team exercise: COAERS Trivia Feud

Trustees participated in a friendly challenge of pension- and Austin-related trivia.

The Chair announced the meeting stood in recess at 4:30 p.m., noting that it would convene on October 10 at 9:00 a.m.

The meeting reconvened at 9:00 a.m. on October 10 with the following Trustees in attendance: Pool, Noak, Benson, Crook, Liu, Sinclair, Granof, and Ross.

10 How to Measure Success

Mr. Stafford presented both qualitative and quantitative measures for success, focusing on benchmarks and how they are used to assess relative performance. He stated the simple (COAERS Passive Benchmark) shows the value of a more diversified strategic Asset Allocation while the Static (Policy Benchmark) shows the value of implementing policy and strategic decisions. He suggested that the use of a more specific benchmark which incorporates the actual implementation of the Fund could also provide useful information. Trustees discussed which benchmarking approach was best, considering the direction to invest in private markets.

Trustees took a break from 10:00 a.m. to 10:11 a.m.

11 Deeper Dive into Private Credit

Mr. Kushner provided further details about the private credit fund selection process, direct lending, and how due diligence and risk management are typically handled.

Trustees took a break from 11:05 a.m. to 11:16 a.m.

12 COAERS 2030

Mr. Hanson outlined a broad vision for the rest of this decade and solicited input from Trustees. He also outlined minor edits to the COAERS Strategic Plan which will be presented to the Board at its December meeting.

13 Board Self-Evaluation

Trustees expressed their thoughts on the results of the self-evaluation survey and shared ideas on becoming a more focused and efficient Board.

Trustees took a break from 12:12 p.m. to 12:27 p.m.

14 Review of 2023 Board Workshop

15 Discuss 2024 Board Workshop

Trustees expressed support for the format, venue, and timing of the 2023 workshop and gave direction to Staff to plan the 2024 workshop similarly.

As there were no other items to discuss, the meeting adjourned at 1:52 p.m.

DRAFT



MINUTES
BOARD MEETING

Public Meeting held in-person and telephonically on November 9, 2023 at 10:00 am CT
Pursuant to Texas Govt. Code 551.127

Board Members Present

Michael Benson
Kelly Crook
Michael Granof
Dick Lavine
Yuejiao Liu, Chair
Chris Noak†
Anthony B. Ross, Sr.
Brad Sinclair
Diana Thomas

Board Members Absent

Amy Hunter
Leslie Pool

Guests:

Paige Saenz, General Counsel
Kevin Balaod, With Intelligence*

Staff:

Christopher Hanson
Jenni Bonds
Mehrin Rahman
Russell Nash
Sarah McCleary

* present telephonically

† present via videoconference

1 Call meeting to order

Chair Yuejiao Liu called the meeting to order at 10:06 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, Ross, Sinclair, and Thomas. The following Trustee was present via videoconference: Noak.

3 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 adjourned into Executive Session at 10:08 a.m.
Trustees returned to Public Session at 11:17 a.m.

4 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 11:17 a.m.



BOARD MEETING Consent Item Executive Summary

CONSENT ITEM EXECUTIVE SUMMARY

Interest Credit Rate on Member Contributions 2023 Plan Year

The COAERS actuary recommends setting the interest rate allocation on member contributions to 3.87% for 2023. This item is included for adoption by consent because the recommendation conforms to Board Policy.

The Board's Benefits Administration Policy states:

"The System Actuary will provide an interest rate recommendation to the Retirement Board. The recommendation will consider the following:

- A. The average yield of 10-Year Treasury Constant Maturities (Nominal), as published by the Federal Reserve in Statistical Release H.15, during the 12 months from November 1 of the prior year through October 31 of the current year; and
- B. Historical interest rates established by the Board; and
- C. Any other factor relevant to the determination of that year's interest rate."

The recommendation letter from the COAERS actuary is attached.

Mr. Chris Hanson
November 7, 2023
Page 2

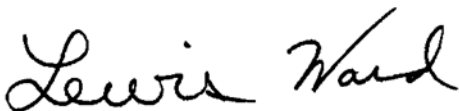
The average of the daily nominal yields on the constant maturity 10-year U.S. Treasury notes for the 12-month period beginning on November 1, 2022 and ending on October 31, 2023 was 3.87% per annum, with a daily high of 4.98% and a daily low of 3.30%.

The financial soundness of the System will not be negatively impacted if this interest rate, or another annual rate less than or equal to 6.00%, is selected. As you are aware, for valuation purposes we assume a rate of 6.00% will be credited on member contributions. Therefore, an actual annual rate of 6.00% or less will not adversely affect the current funded status of the System.

As would be expected with the Federal Reserve's increase in the borrowing rate, the yields on 10-Year Treasuries have increased over the past year. Given the current funded status of the System, the current market interest rates, and the lack of any other relevant factors, we believe that the 3.87% rate would be an appropriate annual rate for crediting interest on members' contributions for the 2023 plan year (as a reminder, the Board decided on an interest credit rate of 2.58% for 2022).

Please do not hesitate to let us know if you have any questions or need additional information

Sincerely,



Lewis Ward
Consultant



Janie Shaw, AFSA, MAAA, EA
Consultant

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cc: Mr. Russell Nash





BOARD MEETING Consent Item Executive Summary

CONSENT ITEM EXECUTIVE SUMMARY Proposed Revisions to Board Education Policy

The Governance and Human Resources Committee reviewed proposed revisions to the Board Education Policy and referred the proposed revisions to the Board for adoption.

The proposed revisions include:

- Updating the Committee responsibility for the policy's oversight to reflect the Governance and Human Resources Committee and budgeting to reflect that responsibility now resting with the Policy Committee.
- Establishing a review period of at least every three years, consistent with the request from the Policy Committee for all Board policies to have an established review period.
- Create responsibilities for COAERS Executive Director to work with each Trustee on customized education plans, as well as annually submit to the Board a professional development plan.
- Establish that all COAERS managers are to create professional development plans with their staff and work with the Executive Director to ensure budgeted funds are available to accommodate as many professional development plans as possible.
- Update the new Trustee Orientation program to include training on the seven core content areas required by the Pension Review Board, receive all key plan documents, and receive a briefing from COAERS General Counsel regarding fiduciary duty and current legal matters before the Board.



Board Approved Policy

Subject: Education

Review Committee: Governance and HR

Date Implemented: December 12, 2017

Date Updated: December 19, 2023

Signature of Chairperson:

~~Chris Noak~~ Yuejiao Liu

CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD APPROVED POLICY
EDUCATION POLICY

I. PURPOSE

This Education Policy is established to:

- Support the ability of the COAERS Board of Trustees to carry out their fiduciary duty;
- Promote COAERS Staff education and professional development;
- Provide a framework to assist Trustees and Staff as they develop knowledge and skills in order to be the most effective;
- Improve the knowledge, expertise and functioning of the COAERS organization overall; and
- Establish the roles and responsibilities of Trustees, management, and staff relating to education.

By design, individuals come to COAERS with different backgrounds and experiences. This Education Policy is not intended to serve as a one-size-fits-all model, but is instead designed to serve as a catalyst for each individual's development and advancement to best serve the members of the System.

"Educational Activity" for purposes of this Education Policy includes any substantive educational activity, such as conferences, seminars, accredited courses, workshops, on-line training and self-study programs, and shall include educational sessions provided by or incorporating the work of COAERS staff.

II. ROLES AND RESPONSIBILITIES

A. COAERS Board of Trustees:

- Shall determine the type of training and education available to Trustees.
- Shall approve the budget for Trustee and Staff educational activities.
- Shall comply with the minimum education requirements established by the State of Texas.
- Shall assign responsibility to the Policy Governance and Human Resources Committee to review this policy and oversee its implementation.

B. Board Chair:

- Shall be authorized to make exceptions to this policy which shall be reported at the next Board meeting.

- Shall review and approve Executive Director's educational activities.

C. Policy Governance and Human Resources Committee:

- Shall ~~periodically~~ review and update this policy at least every three years, as necessary.
- Shall make recommendations to the Board for pre-approval for certain specified self-study courses that meet the requirements of this policy.

D. Executive Director:

- Shall review and approve all proposed educational activities for COAERS Staff.
- Shall inform Trustees of educational activities that meet the criteria of this policy.
- Shall periodically, and as requested, inform Trustees of compliance with State educational requirements.
- Shall propose the budget for Trustee and Staff educational activities for Board approval.
- Shall organize the ~~trustee~~ Trustee orientation as provided for in this policy.
- Shall work with each Trustee to develop customized educational plans.
- Shall submit to the Board an annual professional development plan as part of the Executive Director evaluation process.

E. Executive Assistant:

- Shall work with Trustees and Staff on registration; coordinate and make travel arrangements.
- Shall monitor Trustee compliance with State requirements and inform Executive Director periodically.

III. GUIDELINES

A. Trustees

Trustees may participate in educational activities that meet the following criteria:

- (a) The topic is relevant to the Trustee's fiduciary responsibility;
- (b) The activity will benefit the Board and Trustee in the exercise of COAERS responsibilities; and
- (c) All trustees would be eligible to participate in the educational activity.

Selection of specific educational activity rests with the individual Trustee as long as the activity meets the requirements of this section. Trustees may ~~attend~~ not travel more than ~~two~~ twice for out-of-state educational activities per calendar year.

~~The Executive Director is available to assist Trustees in selecting appropriate educational activities.~~ Trustees may not participate in educational activities where travel expenses (lodging and air transportation) are paid by the sponsoring organization, unless the trustee will be a presenter ~~or~~₁ is an officer in the organization₁ or an exception to this restriction ~~may be~~_{is} made by the Board Chair.

B. Staff

Staff ~~are encouraged to~~_{shall} participate in educational activities that are relevant to their day-to-day duties and that benefit their professional development as well as the System. Annually, managers, in coordination with each staff member of their team, will create a professional development plan for that staff member for the year. Approval of specific educational activity rests with the Executive Director. Each manager will work with the Executive Director to ensure appropriate budgeted funds are available to accommodate as many staff members professional development plans as possible.

The Executive Director's educational activities are to be reviewed and approved by the Board Chair. Staff may not participate in educational activities where travel expenses (lodging and air transportation) are paid by the sponsoring organization, unless the staff member will be a presenter ~~or~~₁ is an officer in the organization₁ or an exception to this restriction ~~may be~~_{is} made by the Board Chair.

IV. STATE MINIMUM EDUCATIONAL TRAINING PROGRAM

State rules require that all Trustees and the Executive Director meet the requirements established by the Pension Review Board (PRB) through their Minimum Educational Training (MET) Program¹. The MET Program requirements are:

- New trustees and administrators are required to take a minimum of seven hours of training within the first year of service. The seven hours must include training in all seven core content areas (see below). No less than half a credit hour and no more than two credit hours may be earned in any one core content area. The core training is designed to cover the fundamental competencies of public pensions necessary for trustees and administrators to successfully discharge their duties.
- Continuing trustees and administrators need to take a minimum of 4 hours of training every 2 years after the first year of service. These hours may be core or non-core topics.

Core content areas include fiduciary matters, governance, ethics, investments, actuarial matters, benefits administration, and risk management. Non-core content areas may also include compliance, custodial issues, legal and regulatory matters, pension accounting, plan administration, the Texas Public Information Act, and the Texas Open Meetings Act.

¹ Texas Administrative Code Title 40, Part 17, Chapter 607.

MET training must be either taken from an accredited sponsor or an approved course from a non-accredited sponsor. COAERS is currently an accredited sponsor under the MET program and in-house training provided to trustees may count towards the fulfillment of the State requirements. Staff will log Trustee attendance at educational activities, track the number of hours of educational activity each Trustee attends, and assist Trustees in meeting the MET requirements.

Candidates for Trustee positions may attend State minimum core content training if such training meets the requirements of Title 40, Part 14, Chapter 607 of the Texas Administrative Code.

In the event of a conflict between this policy and state law governing MET Program Requirements, state law shall control.

V. NEW TRUSTEE ORIENTATION

New Trustees should attend Trustee Orientation within the first three months of taking their oath of office. Trustees who have previously served in a non-consecutive term on the Board are encouraged to attend the Orientation to familiarize themselves with changes to the system that ~~will~~ have taken place during their absence. Trustee Orientation will be structured to provide ~~include, at a minimum, all of~~ the following:

- Executive Director Briefing: The Executive Director will ~~brief new Trustees on the history and background of COAERS~~ provide the Trustee with information and tools to perform their duties. The Executive Director will discuss relevant and topical aspects of the plan with respect to the following: Ethics, Investments, Actuarial, Governance, Financial Operations, Plan Operations, and Risk Management.
- Board Chair Briefing: The Board Chair will brief new Trustees on current issues before the Board.
- General Counsel Briefing. The Board's General Counsel will provide the Trustee with information about their fiduciary responsibilities and update the Trustee on current legal matters regarding the plan.
- Executive Management Introduction: New Trustees will be introduced to members of executive management.
- Orientation Materials: New trustees will have access to key plan documents including ~~be provided~~ the following ~~materials~~:
 - (a) COAERS Governance Manual;
 - (b) COAERS Board Policy Handbook;
 - (c) Strategic Plan;
 - ~~(b)~~(d) Most recent CAFR, ACFR, and actuarial valuation and other related actuarial reports; and
 - ~~(c)~~(e) Any other relevant information or documents deemed appropriate.

Trustees are required by law to complete Open Meetings Act training within 90 days of taking the oath of office. The Attorney General's Office has developed an online video that can be used to satisfy the requirement. A certificate of course completion is available for those who use this method for the required training. This certification of completion should be kept on file with the Executive Assistant. Trustees must also complete training as required by Board Approved Policy ~~C-3~~ *Code of Ethics* within 90 days of taking the oath of office. Staff will coordinate training opportunities for new Trustees to meet these requirements.

VI. BUDGET AND REPORTING

An annual budget for educational activities (including travel expenses, such as transportation, lodging and per diem) will be established to cover expenditures incurred pursuant to this Education Policy. Trustees may be reimbursed for publications and self-study courses related to their duties as trustee upon approval by the Board of Trustees. The Board may make a blanket pre-approval for certain specified self-study courses that meet the requirements of this policy or may make individual determinations. The Executive Director will report the annual budget and expenditures against the budget to the ~~Audit & Risk~~Policy Committee at least annually.

CONSENT ITEM EXECUTIVE SUMMARY

Proposed Revisions to Board Record Management Policy

The Policy Committee reviewed proposed revisions to the Board Records Management Policy and referred the proposed revisions to the Board for adoption.

The proposed revisions include:

- Revised outdated staff titles;
- Added a review cycle of no less than every three years; and
- Remove language that required the Texas State Library and Archives Commission (TSLAC) to review and approve COAERS' records retention schedule. TSLAC made this suggestion after reviewing the policy draft.



Board Approved Policy

Subject: Records Management
Review Committee: Policy
Date Implemented: July 25, 2000
Date Updated: ~~June 1, 2017~~December 19, 2023

Signature of Chairperson: _____
~~Chris Noak~~Yuejiao Liu

**CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
BOARD APPROVED POLICY
RECORDS MANAGEMENT POLICY**

I. PURPOSE AND SCOPE

Local Government Code, Title 6, Subtitle C (Local Government Records Act) provides that the City of Austin Employees' Retirement System (COAERS) must establish an active and continuing records management program to be administered by a Records Management Officer. This includes, but is not limited to the efficient management of records which is necessary to the effective and economic operation of COAERS.

The Records Control Schedule prepared and filed with the Texas State Library and Archives Commission, or successor agency, from time to time pursuant to this policy establishes mandatory minimum retention periods for records listed. No local government office may dispose of a record listed in the schedule prior to the expiration of its retention period. The retention period for records listed in the schedule may not be less than that established for the records listed on Local Schedule GR, "Retention Schedule for Records Common to All Local Governments" as may be amended from time to time.

Destruction of COAERS' records without legal authorization is a Class A misdemeanor and, under certain circumstances, a third degree felony (Penal Code, Section 37.10). Anyone destroying local government records may be subject to criminal penalties and fines under the Open Records Act (Government Code, Chapter 552).

The Government Code, Section 441.158 provides that each control schedule must list the various types of records of the applicable local government, state the retention period prescribed by federal or state law, rule of court, or regulation for a record for which a period is prescribed, and prescribe retention periods for all other records, which have the same effect as if prescribed by law, once the records control schedule is adopted as a rule for the Texas State Library and Archives Commission.

II. DUTIES AND RESPONSIBILITIES

A. BOARD OF TRUSTEES. The Board of Trustees shall:

1. Establish, promote, and support an active and continuing program for the efficient and economical management of all COAERS' records.

2. Cause policies and procedures to be developed for the administration of the program under the direction of the Records Management Officer.
3. Facilitate the creation and maintenance of local government records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the local government and designed to furnish the information necessary to protect the legal and financial rights of the local government, the state, and persons affected by the activities of the local government.
4. Facilitate the identification and protection of essential and permanent records.
5. Designate a Records Management Officer by name or position.

B. POLICY COMMITTEE. The Policy Committee of the Board of Trustees shall review this policy at least every three (3) years.

B-C. EXECUTIVE DIRECTOR. The Executive Director shall:

1. Cooperate with the Records Management Officer in carrying out the policies and procedures established by the COAERS Board for the efficient and economical management of records pursuant to the Local Government Records Act.
2. Report to the Board of Trustees any significant changes to records management requirements, as determined by the Executive Director.

C-D. RECORDS MANAGEMENT OFFICER. The Records Management Officer shall perform the functions as defined in Title 6, Subtitle C, Local Government Code from time to time, and as set forth in this policy, including the following:

1. Assist in developing policies and procedures for the administration of an active and continuing records management program.
2. Administer the records management program, assist in its implementation, and provide assistance to custodian so as to reduce the costs and improve the efficiency of recordkeeping, including but not limited to:
 - a) Identifying and designating COAERS' records.
 - b) Preparing inventories, indexes and other aids for records.

- c) Advising the Executive Director on all matters concerning the storage, transfer, retention and destruction of COAERS' records.
 - d) Preserving the confidentiality of all confidential COAERS' records in carrying out the records management program.
 - e) Reviewing any and all documents prior to destruction, to ensure compliance with all archival authorities.
 - f) Destroying records which are properly identified for destruction.
3. Plan, formulate, and prescribe records disposition policies, systems, standards, and procedures.
 4. Identify essential records and establish a disaster plan to ensure maximum availability of the records in order to reestablish operations quickly and with minimum disruption and expense.
 5. Develop procedures to ensure the permanent preservation of any historically valuable records.
 6. Establish standards for filing and storage equipment and for recordkeeping supplies.
 7. Study the feasibility of and, if appropriate, establish a uniform filing system and a forms design and control system.
 8. Provide records management advice and assistance by preparation of manuals of procedure and policy, and by onsite consultation.
 9. Monitor the records retention schedule and administrative rules issued by the State Library and Archives Commission to determine if the records management program and records control procedures are in compliance with state regulation.
- ~~10. In cooperation with the custodian of records, prepare and file with Executive and Administrative Officer of the Texas State Library and Archive Commission records control schedules and amended schedules required by the Local Government Records Act.~~
- ~~110.~~ 4110. Create, edit and ensure the COAERS Records Control Schedule is approved by the ~~Chief Operations Officer~~Deputy Executive Director and certified by the ~~Texas State Library and Archives Commission.~~
- ~~1211.~~ 4211. In cooperation with the custodian of records, prepare or direct the preparation of: a) requests for authorization to destroy records not on an approved control schedule as provided by Section 203.045, Texas Local Government Code, as amended; b) requests to destroy the originals of permanent records that have been microfilmed as provided by Section 204.008, Texas Local Government Code, as

amended; and c) electronic storage authorization requests as provided in Section 205.007, Texas Local Government Code, as amended.

- ~~43~~12. In cooperation with the custodian of records, identify and take adequate steps to protect essential COAERS records.
- ~~44~~13. In cooperation with the custodian of records, ensure the maintenance, preservation, duplication, destruction, or other disposition of records is carried out in accordance with the policies and procedures of COAERS' records management program, the records control schedule, and the requirements of the Local Government Records Act.
- ~~45~~14. Maintain records on the volume of records destroyed under approved records control schedules, the volume of records microfilmed or stored electronically, and the estimated cost and space savings as a result of such disposal or disposition.
- ~~46~~15. Instruct the Board of Trustees and Retirement Office staff in policies and procedures of the records management plan and their duties in the records management program.
- ~~47~~16. Disseminate to the COAERS Board of Trustees and COAERS staff information concerning changes to state laws and administrative rules relating to local government records.
- ~~48~~17. In cooperation with the custodian of records, establish procedures to ensure that the handling of records in any context of the records management program is carried out with due regard for the duties and responsibilities of custodian of records that may be imposed by law and that may be imposed by law.
- ~~49~~18. Establish procedures to ensure that the handling of records in any context is carried out with due regard for the confidentiality of information in records to which access is restricted by law.
- ~~20~~19. Bring to the attention of the Executive Director non-compliance by COAERS Staff.
- ~~21~~20. Adhere to the policies and procedures of the records management program, the records control schedule, or the Local Government Records Act.
- ~~22~~21. Cooperate with and provide consultative assistance to Retirement Office staff and Board of Trustees on records requirements.

DE. RETIREMENT OFFICE STAFF. Retirement Office Staff shall:

1. Cooperate with the Records Management Officer in carrying out the policies and procedures established for the efficient and economical management of records and in carrying out the requirements of this Policy.
2. Adequately document the transaction of business and the services, programs, and duties for which the staff member is responsible.
3. Maintain the records in his/her care and carry out their preservation, destruction, or other disposition only in accordance with the policies and procedures of the records management program and the requirements of this Policy.

III. GUIDELINES -- RECORDS MANAGEMENT

A. DEFINITION OF RECORD OR RECORDS

1. All documents, papers, letters, books, maps, photographs, sound or video recordings, microfilm, magnetic tape, electronic media, or other information recording medium, regardless of physical form or characteristic and regardless of whether public access to it is open or restricted under the laws of the state, created or received by COAERS or its employees pursuant to law, or in the transaction of public business are hereby declared to be records of COAERS, and shall be created, maintained, and disposed of in accordance with the provisions of this Policy or procedures authorized by it, and in no other manner.
2. Section III.A.1 does not include:
 - a. Extra identical copies of documents created only for convenience of reference or research.
 - b. Notes, journals, diaries, and similar documents created for personal convenience.
 - c. Blank forms.
 - d. Stocks of publications.
 - e. Library and museum materials acquired solely for the purposes of reference or display.

- f. Copies of documents in any media furnished to members of the public to which they are entitled under the Public Information Act, Texas Government Code chapter 552, or other state law.
- g. Any records, correspondence, notes, memoranda, or documents other than a final written agreement described by Section 2009.05(c), Government Code, associated with a matter conducted under an alternative dispute resolution procedure in which personnel of a state department or institution, local government, special district or other political subdivision of the state participated as a party, facilitated as an impartial third party, or facilitated as the administrator of a dispute resolution system or organization.

B. ADDITIONAL DEFINITIONS

1. **Archival Authority:** That authority that determines the disposition of a record. For the purposes of this Policy, archival authority shall be the Texas State Library Archives Commission, or successor agency (TSLAC).
2. **Certification:** The process, inclusive of recertification, by which a records control schedule or revisions to a schedule are approved by the Texas State Library for use by an agency during a certification period.
3. **Custodian of Records:** The Records Management Officer, unless the Executive Director designates otherwise.
4. **Essential Record:** Any record necessary to the resumption or continuation of operations in an emergency or disaster, to the recreation of the legal and financial status, or to the protection and fulfillment of obligations of COAERS.
5. **Executive Staff:** The Executive Director, ~~the Chief Operations Officer~~Deputy Executive Director, ~~the~~ Chief Financial Officer, Chief Information Officer, Benefits Manager, and ~~the~~ Chief Investment Officer.
6. **Permanent Record or Record of Permanent Value:** Any local government record for which the retention period on a records retention schedule issued by the Archival Authority is given as permanent.

7. **Record Copy:** A document that is kept on file as the original or official record for the total retention period.
8. **Records Control Schedule:** The document prepared by or under the authority of the Records Management Officer listing the records maintained by COAERS, their retention periods, and other records disposition information that the records management program may require that has been accepted for filing by the Archival Authority.
9. **Records Management Program:** The program adopted and implemented by COAERS pursuant to the Local Government Records Act for the efficient and economical management of COAERS' records.
10. **Records Retention Schedule (RRS):** The document issued by the Archival Authority under authority of Subchapter J, Chapter 441, Government Code, establishing mandatory retention periods for local government records prepared by or under the authority of the Records Management Officer listing.
11. **Retention Period:** The minimum time that must pass after the creation, recording, or receipt of a record, or the fulfillment of certain actions associated with a record, before it is eligible for destruction.
12. **Vital Records:** Those records that are essential to resume business or continue an organization, to recreate COAERS' financial or legal position, or to preserve the rights of employees and citizens.
13. **Working or Convenience Copy: A duplicate of a** record used for reference purposes.

C. RECORDS DECLARED PUBLIC PROPERTY

All records defined in III.A. are hereby declared to be the property of COAERS. No Board Trustee or employee has, by virtue of his/her position, any personal or property right to such records even though he/she may have developed or compiled them. The unauthorized destruction, removal from files, or use of such records is prohibited.

D. RECORDS POLICY

It is hereby declared to be the policy of COAERS to provide for efficient, economical, and effective controls over the creation, distribution, organization, maintenance, use, and disposition of all COAERS' records through a comprehensive system of integrated procedures for the management of records from their creation to their ultimate disposition,

consistent with the requirements of the Local Government Records Act, and accepted records management practice.

E. DESIGNATION OF RECORDS MANAGEMENT OFFICER

The Senior Services Officer, and the successive holders of said office, shall serve as Records Management Officer for COAERS. During such times that the position of Senior Services Officer is vacant, the ~~Chief Operations Officer~~Deputy Executive Director shall serve as the Records Management Officer until the vacancy in the position of Senior Services Officer is filled. As provided by state law, each successive holder of the office shall file his or her name with the director and librarian of the Texas State Library within thirty days of the initial designation or of taking up the office, as applicable.

F. RECORDS MANAGEMENT PLAN TO BE DEVELOPED; APPROVAL OF PLAN; AUTHORITY OF PLAN

1. This Policy shall serve as COAERS' records management plan. The Records Management Officer shall recommend changes to this Policy from time to time as needed to incorporate amendments to applicable laws or as determined appropriate to improve the records management program, to reduce the costs and improve the efficiency of recordkeeping, to adequately protect the essential records of the COAERS, to properly preserve those records that are of historical value, and to enable the Records Management Officer to carry out his/her duties prescribed by state law, and this Policy effectively. The Records Management Officer may develop standard operating procedures, with the approval of the Executive Director, to implement the requirements of this Policy.
2. This policy shall be binding on all offices, departments, divisions, programs, commissions, bureaus, boards, committees, or similar entities of COAERS, and records shall be created, maintained, stored, microfilmed or disposed of in accordance with the plan.
3. State law relating to the duties, other responsibilities, or recordkeeping requirements of a department head do not exempt the department head or the records under the department head's care from the application of this Policy, and may not be used by the department head as a basis for refusal to participate in the records management program.

G. RECORDS CONTROL SCHEDULES – DEVELOPMENT; ~~—~~ and APPROVAL; ~~FILING WITH THE STATE~~

1. The Records Management Officer, in cooperation with the Retirement Office staff, shall prepare records controls schedules listing all records created or received, and the retention period for each record. Records control schedules shall also contain such other information regarding the disposition of records, as the records management plan may require.
2. The records control schedule shall be monitored and amended as needed by the Records Management Officer on a regular basis to ensure that it is in compliance with records retention schedules issued by the state, and that it continues to reflect the recordkeeping procedures and needs of the records management program.
3. Before its adoption, a records control schedule must be ~~approved by the Chief Operations Officer~~ Deputy Executive Director; ~~and (b) submitted to and accepted for filing by the director and librarian of the Archival Authority as provided by state law. If a schedule is not accepted for filing, the schedule shall be amended to make it acceptable for filing. The Records Management Officer shall submit the records control schedules to the director and librarian.~~

H. IMPLEMENTATION OF RECORDS CONTROL SCHEDULES – DESTRUCTION OF RECORDS UNDER SCHEDULE

1. A records control schedule that has been approved and adopted under section III.G. shall be implemented according to the policies and procedures of the records management plan.
2. A record whose retention period has expired on a records control schedule shall be destroyed unless an open records request is pending on the record, the subject matter of the record is pertinent to a pending lawsuit, or the ~~Chief Operations Officer~~ Deputy Executive Director or the Executive Director requests, in writing, to the Records Management Officer that the record be retained for an additional period.
3. Prior to the destruction of a record under an approved records control schedule, authorization for the destruction must be obtained by the Records Management Officer from the member of the Executive Staff under whose purview the records are created or maintained and the Executive Director.

I. DESTRUCTION OF UNSCHEDULED RECORDS

A record that has not been listed on an approved records control schedule must be destroyed if its destruction has been approved in the same manner as a record destroyed under an approved schedule, and the record management officer has submitted to and received back from the director and librarian of the Archival Authority an approved destruction authorization request.

J. ELECTRONIC STORAGE

Unless a records storage program is specifically exempted by order of the Board of Trustees, all archived permanent records shall be centralized and under the direct supervision of the Records Management Officer. Records may be electronically stored in accordance with the Local Government Records Act and the regulations and schedules adopted by the Archival Authority pursuant to the Act.

IV. GUIDELINES -- RECORDS CONTROL SCHEDULES

A. RETENTION

1. The retention period for a record applies regardless of the medium in which it is maintained or stored. In the case of electronically stored records, that hardware, software, and data used to create in any manner a record or the functional equivalent of a record must be retained for the retention period assigned.
2. Unless otherwise stated, the retention period is in calendar years from the date of its creation. The retention period, again unless otherwise noted, applies only to an official record, distinct from any working copies or convenience copies created for informational purposes.
3. If a record described in a records control schedule is maintained in a bound volume of a type in which pages are not designed to be removed, the retention period, unless otherwise stated, dates from the date of the last entry. If two or more records are not severable in their use, the requirement for retention will be the record with the longest retention period.
4. A record whose minimum retention period has not expired, and is less than permanent, may be disposed of if it has been so badly damaged by fire, water, or insect or rodent infestation as to render it unreadable or unintelligible. If the retention is permanent,

authorization to dispose of the damaged record must be obtained from the director and librarian of the Archival Authority. The Request for Authority to Destroy Unscheduled Records (Form SLR 501), or successor form, should be used for this purpose. Requests for Authority to Destroy Unscheduled Records (records which are not on the RRS) need not be filed for records shown as exempt from this requirement.

5. Circumstances occasionally dictate the retention requirement be longer than is listed in this schedule. Examples may be audit in progress or pending litigation. In that instance, the record must be retained for the longer retention period.
6. Correspondence that supports other record types is to be retained for the period of the record type.
7. The following categories of printed material are exempted from the retention period and may be disposed of at the Records Management Officer's option:
 - a. Educational/solicitive matter distributed by charitable/public awareness organizations.
 - b. Public service leaflets or flyers whose contents are of a general nature.
8. For personnel and payroll records, which are covered by many federal regulations, the longest retention is used. A federal retention is not used when a longer retention is required by the state.
9. Purchasing records and accounts payable records maintained by the same person or department need not be duplicated for maintenance in both type records. Retention requirements for accounts payable records prevail over purchasing records retention.
10. The originals of records listed in this schedule may be disposed of prior to the expiration of the stated minimum retention period if they have been microfilmed or electronically stored pursuant to the provisions of the Local Government Code, Chapter 204 or Chapter 205, as applicable, and rules of the Texas State Library and Archives Commission, adopted under authority of those chapters.

B. ELECTRONIC RECORDS

1. The Texas Administrative Code requires that electronic records with a retention of ten (10) years or more must include provisions for scheduling the disposition of the electronic records (to include related software, hardware, documentation and indices) and for re-copying and/or reformatting to ensure the stability of electronic records until the expiration of their retention period.
2. If electronic records are to be copied to paper to create the official record, the electronic files do not have to be maintained for the full retention period.
3. If the retention period of an electronic record is extended to meet requirements of an audit, litigation, or open records request, then any software program required to retrieve and read the records must also be retained for the same period.
4. For records with retention of ten (10) years or more, the source document may be destroyed after the creation of the electronic record if an electronic storage authorization has been approved based on certification of compliance with Bulletin B, Electronic Records Standards and Procedures, as it is amended from time to time (the "ERSP"). In the event of a conflict between the ERSP and this Section IV.B, the ERSP shall control.

C. AUDITS

If there is no statutory requirement, and audits are conducted irregularly, or if a statutorily required audit is delayed, the record must be retained for one year after the audit, or for the remainder of its retention, whichever is longer.

D. CERTIFICATION

1. The records control schedule must list records series maintained by COAERS, regardless of medium.
2. The records control schedule must identify the following for each type of record:
 - a. Whether the records are open or confidential.
 - b. Records that have archival value or must be reviewed for potential archival value.
 - c. The medium of the records and if the records are converted from one medium to another.

- d. Which records are vital records.
3. The records control schedule must meet the criteria set forth in the Local Government Records Act (Bulletin D) and applicable rules and records retention schedules adopted by the Archival Authority.
- ~~4. The records control schedule must be submitted to the Archival Authority on the forms provided for such purpose by the Archival Authority. Form SLR 500 or its successor form.~~

E. REVISION

1. ~~The Records Management Officer shall prepare amendments to the schedules as needed to reflect new records or revise the retention periods established by the Commission. During a certification period, the Records Management Officer shall be responsible for keeping the information in the retention control schedule current by recommending revisions to the certified schedule as necessary.~~
2. Revisions to the records control schedule shall be approved by the ~~Chief Operations Officer~~ Deputy Executive Director.
- ~~3. The Records Management Officer shall submit and obtain approval of revised records control schedules from the Archival Authority on the form provided for that purpose by the Archival Authority.~~



BOARD MEETING Consent Item Executive Summary

CONSENT ITEM EXECUTIVE SUMMARY

CliftonLarsonAllen (CLA) Statement of Work for the 12/31/2023
financial statement audit

The Audit and Risk Committee recommends the Board approve the Statement of Work with CliftonLarsonAllen (CLA) for the 12/31/2023 financial statement audit. This item is recommended for adoption by consent because the document is presented as recommended by the Committee. In this case, the Committee recommended a revision to the payment schedule which has been addressed, and it has been reviewed by the COAERS General Counsel.

BACKGROUND

On July 1, 2021, COAERS released a Request for Proposal (RFP) for financial statement audit services. After a due diligence process, CliftonLarsonAllen (CLA) was selected. This will be the third year that CLA has audited COAERS.



CliftonLarsonAllen LLP
<https://www.claconnect.com>

Statement of Work - Audit Services

November 13, 2023

This document constitutes a statement of work ("SOW") under the master service agreement ("MSA") dated December 14, 2021, or superseding MSA, made by and between CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") and City of Austin Employees Retirement System ("you," "your," or "the entity"). We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services CLA will provide for the entity as of and for the year ended December 31, 2023.

Bhakti Patel is responsible for the performance of the audit engagement.

Scope of audit services

We will audit the financial statements of the City of Austin Employees Retirement System, and the related notes to the financial statements.

The Governmental Accounting Standards Board (GASB) provides for certain required supplementary information (RSI) to accompany the entity's basic financial statements.

The RSI will be subjected to certain limited procedures, but will not be audited.

We will also evaluate and report on the presentation of the supplementary information other than RSI accompanying the financial statements in relation to the financial statements as a whole.

Nonaudit services

We will also provide the following nonaudit services:

- Preparation of the Schedule of Pension Amounts and related notes

Audit objectives

The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Our audits will be conducted in accordance with U.S. GAAS. Those standards require us to be independent of the entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Our audit will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions.

We will apply certain limited procedures to the RSI in accordance with U.S. GAAS. However, we will not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. We will also perform procedures to enable us to express an opinion on whether the supplementary information (as identified above) other than RSI accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.

We will issue a written report upon completion of our audit of your financial statements.

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from the engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming opinions on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express opinions or issue a report, or withdrawing from the engagement.

It is our understanding that our auditors' report will be included in your annual report which is comprised of Introductory, Investment, Actuarial, and Statistical sections and that your annual report will be issued by the same date as the financial statements. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Auditor responsibilities, procedures, and limitations

We will conduct our audit in accordance with U.S. GAAS.

Those standards require that we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. As part of our audit, we will:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and evaluate whether audit evidence obtained is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the amounts and disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on our evaluation of audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Although our audit planning has not been concluded and modifications may be made, we have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Investments
- Investment Income
- Revenue recognition
- Management override of controls

We plan to use an auditors' specialist to review the GASB 67 disclosure information prepared by the actuarial firm engaged by you.

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity, may not be detected.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Management responsibilities

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements and RSI in accordance with U.S. GAAP.

Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for 12 months beyond the financial statement date.

You are responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities and safeguarding assets. You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations, and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered.

You are responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including amounts and disclosures, such as records, documentation, identification of all related parties and all related-party

relationships and transactions, and other matters, and for the accuracy and completeness of that information (including information from within and outside of the general and subsidiary ledgers); (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

Management is responsible for the preparation of the supplementary information in accordance with U.S. GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. You agree to provide us written representations related to the presentation of the supplementary information.

Management is responsible for the preparation of other information included in your annual report. You agree to provide the final version of such information to us in a timely manner, and if possible, prior to the date of our auditors' report. If the other information included in your annual report will not be available until after the date of our auditors' report on the financial statements, you agree to provide written representations indicating that (1) the information is consistent with the financial statements, (2) the other information does not contain material misstatements, and (3) the final version of the documents will be provided to us when available, and prior to issuance of the annual report by the entity, so that we can complete the procedures required by professional standards. Management agrees to correct material inconsistencies that we may identify. You agree to include our auditors' report in any document containing financial statements that indicates that such financial statements have been audited by us.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit and the presentation of the basic financial statements and RSI. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Responsibilities and limitations related to nonaudit services

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have

received sufficient information to oversee the services.

Use of financial statements

Should you decide to include or incorporate by reference these financial statements and our auditors' report(s) thereon in a future private placement or other offering of equity or debt securities, you agree that we are under no obligation to re-issue our report or provide consent for the use of our report in such a registration or offering document. We will determine, at our sole discretion, whether we will re-issue our report or provide consent for the use of our report only after we have performed the procedures we consider necessary in the circumstances. If we decide to re-issue our report or consent to the use of our report, we will be required to perform certain procedures including, but not limited to, (a) reading other information incorporated by reference in the registration statement or other offering document and (b) subsequent event procedures. These procedures will be considered an engagement separate and distinct from our audit engagement, and we will bill you separately. If we decide to re-issue our report or consent to the use of our report, you agree that we will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to re-issue our report or decide to withhold our consent to the use of our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our workpapers for those periods, we are under no obligation to permit such access.

If the parties (i.e., you and CLA) agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

Engagement administration and other matters

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

Professional standards require us to be independent with respect to you in the performance of these

services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our audit engagement ends on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific SOW for that service.

Fees

Our professional fees are outlined in the table below:

Service	Fee
Financial Statement Audit	68,000
Implementation of the New Risk Auditing Standards which includes an increase in information technology testing	1,000
Total	69,000

Our fee is based on anticipated cooperation from your personnel and their assistance with locating requested documents and preparing requested schedules. If the requested items are not available on the dates required or are not accurate, the fees and expenses will likely be higher.

Professional fees will be billed as follows:

Progress bill to be mailed on	Amount to be billed
Upon execution of the SOW	23,000
Upon the commencement of substantive procedures	23,000
Issuance of draft report(s)	16,000
Issuance of final report(s)	7,000

Unexpected circumstances

We will advise you if unexpected circumstances require significant additional procedures resulting in a

substantial increase in the fee estimate.

Changes in accounting and audit standards

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the SOW increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

Agreement

We appreciate the opportunity to provide to you the services described in this SOW under the MSA and believe this SOW accurately summarizes the significant terms of our audit engagement. This SOW and the MSA constitute the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA related to audit services. If you have any questions, please let us know. Please sign, date, and return this SOW to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and the parties' respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP

Response:

This letter correctly sets forth the understanding of City of Austin Employees Retirement System.

CLA
CLA

Client
City of Austin Employees Retirement System

SIGN:

Bhakti Patel, Assurance Principal

SIGN:

Yuejiao Liu, Board Chair

DATE:

DATE:

CONSENT ITEM EXECUTIVE SUMMARY

HillCo Partners Agreement January through December 2024

The Legislative Committee recommends the Board approve the agreement with HillCo Partners for governmental relations consulting services for 2024. This item is recommended for adoption by consent because the document is presented as recommended by the Committee and it has been reviewed by the COAERS General Counsel.

BACKGROUND

Since 2018, COAERS has engaged HillCo Partners (HillCo) for governmental relations and public affairs consulting. Fees charged for these consulting services are reflected in the proposed 2024 administrative budget.



**Government and Public Affairs Consulting Agreement
for
City of Austin Employees Retirement System
2024**

This is a consulting agreement effective **January 2024 through December 2024** (the "Agreement"), between HillCo Partners ("Consultant") and Austin Employees Retirement System, Inc. ("COAERS").

1. BASIC TERMS:

Consultant will provide knowledge and services (including research) in the following areas:

- A. During the 88th legislative interim, monitor the implementation of SB1444, the COAERS legislation passed during the recent regular session;
- B. Monitor relevant Texas State Senate and House committee hearings on related interim charges pertaining to Texas public retirement systems, specifically related to COAERS;
- C. Provide hearing summaries and material on matters related to Texas public retirement systems, specifically related to COAERS;
- D. Lobby and represent before Texas legislative members and state officials regarding issues indicated to be of importance including:
 - a. City of Austin legislative delegation
 - b. Members of the Texas Senate and Texas House
 - c. Members of the House Pensions Committee
 - d. Members of the Senate State Affairs committee
 - e. Texas Leadership offices; Governor, Lieutenant Governor, Speaker's Office
 - f. Texas Pension Review Board
- E. Advise of upcoming meetings, hearings, briefings and other formal or informal sessions in a timely manner;
- F. Communicate pertinent information;
- G. During legislative special session(s), work to review legislation and items called by the Governor to identify potential impact and position on pertinent legislation if and when filed;
- H. Comply with all pertinent Texas rules and regulations governing lobbying activities.

2. TERM OF AGREEMENT:

The Agreement is for 12 months, unless extended by both parties. Either party has the right to unilaterally terminate the Agreement upon 60 days with prior written notice.

3. PAYMENT RATES AND BILLING: The Consultant shall be compensated at the rate of \$4,000 for the 12-month period during the 88th Texas Legislative interim.

Expenses will be reimbursed to Consultant for any direct expenses incurred by Consultant that have been approved in advance. For the purposes of this section, direct expenses may include any printing costs, express mail, and reasonable travel expenses not to exceed \$250 per month during the legislative interim and not to exceed \$500 per month during a regular legislative session.

4. STATUS AND RESPONSIBILITY OF CONSULTANT:

Consultant shall in all events perform services as an independent contractor. It shall be the responsibility of Consultant to perform all services in conformity and strict compliance with all applicable laws, rules and regulation of the United States and the State of Texas.

5. CONFLICTS OF INTEREST:

Consultant is not to be restricted in his business activities so long as he is reasonably available to perform services hereunder. The Consultant shall not engage in any activity on behalf of others, which would constitute a conflict of interest in light of the Agreement.

6. EXCLUSIVITY PRIORITY:

It is understood and agreed that Consultant may provide similar related services to any non-competitive organization.

Consultant agrees to immediate notification of any conflict of interest that arises in the representation of another entity.

7. SCOPE OF ENGAGEMENT:

- A. Monitor the implementation and transition of SB1444 passed during the 88th Regular legislative session. Monitor and track issues and interim charges that might have an impact on the system or the legislation passed. Also continue to monitor relevant agencies, such as the Pension Review Board, for proposed rules or actions that could have an impact on the system. During legislative special session(s), work to review legislation and items called by the Governor to identify potential impact and position on pertinent legislation if and when filed.

It is expressly agreed by the parties hereto that the legislative services related to COAERS will also involve defensive efforts towards any legislation or amendment that, upon agreement between COAERS and Consultant, could have detrimental impact on the health of the COAERS system.

It is further agreed that support will be provided to Consultant in furnishing any testimony before legislative committees on behalf of COAERS and other reasonable efforts at the request of Consultant.

8. EXPANSION OF SCOPE OF SERVICES:

All parties understand that the legislative process is subject to various circumstances which may be of such magnitude to exceed the services contemplated by the parties to be rendered by Consultant under this contract. Should that occur in the course of this agreement, Consultant shall promptly provide notification to COAERS of any such circumstances and the need for additional resources and compensation is addressed by the parties hereto.

If, during the course and scope of this contract, it becomes desirable or necessary to expand the scope of work in this Agreement and propose and work towards passage of legislation, both parties will mutually agree to discuss the role of the expanded services and agree, if necessary, to discuss the payment of additional compensation.

9. COMPLIANCE WITH LAW:

Consultant agrees to perform its obligations under this Agreement in compliance with all Texas applicable laws.

10. COUNTERPARTS:

This Agreement will be executed in two (2) counterparts, each of which shall be deemed an original, but all of which shall be considered one and the same instrument.

For HillCo Partners

(signature)

(printed name)

(date)

For COAERS

(signature)

(printed name)

(date)

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

Presented by Yuejiao Liu, Chair



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 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

AGENDA ITEM OBJECTIVE

The objective of the agenda item is to comply with the Board approved Code of Ethics and stay abreast of Committee work.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

This agenda item aligns with one of the goals of the COAERS Strategic Plan “**Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management.** Additionally, this agenda item also aligns with one of the five core competencies of the COAERS Strategic Plan: “**Transparency:** *Complying with open meeting and public information laws to ensure the decision-making process is clear to members and the public.*”

RECOMMENDATION FOR BOARD ACTION

All Trustees and Key Staff are required to return the quarterly disclosure form in a timely manner after the December Board meeting.

ATTACHMENTS

- 1. Ethics policy disclosure statements
- 2. Report from November 9, 2023 Legislative Committee
- 3. Report from November 9, 2023 Benefits and Services Committee
- 4. Report from November 9, 2023 Audit and Risk Committee
- 5. Report from November 9, 2023 Governance and HR Committee
- 6. Report from November 9, 2023 Policy Committee
- 7. Report from November 17, 2023 Investment Committee



**Ethics Policy Disclosure Statement
(Gifts, Meals and Other Declarations)**

For the period September 21, 2023 to December 19, 2023

In compliance with Board Approved Policy: Code of Ethics, I declare I have received, attended, and/or had contact related to COAERS as follows:

Gifts:

Meals:

Other Declarations:

Signature of Trustee or COAERS Key Staff

Date



Report from November 9, 2023 Legislative Committee Meeting

The November 9, 2023, Legislative Committee meeting included a review of the COAERS governmental relations consultant and a proposed agreement for governmental relations consulting for 2024.

1. The Committee reviewed a report on COAERS' governmental relations consultant, including terms of the engagement, background on the COAERS consulting team, and key events of the 88th Legislative Session including COAERS and the City of Austin pension legislation.
2. The Committee reviewed a proposed 2024 governmental relations consulting agreement and referred the agreement to the Board for adoption.
3. The Committee reviewed the progress in 2023 relative to the Committee Work Plan and noted key items for the Committee to consider in 2024.



Report from November 9, 2023 Benefits and Services Committee Meeting

The November 9, 2023, Benefits and Services Committee meeting included consideration of the annual disability continuation review, a report on the Medical Consultant, and a review of the accomplishments of the 2023 Committee Work Plan and the activities for 2024.

1. The Committee conducted its annual review of disability retirement benefit recipients. Staff reviewed criteria to remain an eligible disability benefit recipient and noted that there were no recommendations for discontinuance.
2. The Committee received a report on the current medical consultant used by the Benefits and Services Committee including the terms of the engagement, services, and pricing.
3. The Committee reviewed the progress in 2023 relative to the Committee Work Plan and noted key items for the Committee to consider in 2024.



Report from November 9, 2023 Audit and Risk Committee Meeting

The November 9, 2023, Audit and Risk Committee included a draft Statement of Work with CLA for the 12/31/2023 financial statement audit, a report on the draft 2024 Enterprise Risk Management dashboard, a review of the third quarter unaudited financial statements, and an update on the COAERS cybersecurity program.

1. Ms. Bhakti Patel from CLA outlined the Statement of Work drafted for the upcoming financial statement audit. The Committee requested a revision to the billing schedule and a review by COAERS General Counsel.
2. The Committee received a report on the draft risk assessment for the 2024 COAERS Enterprise Risk Management dashboard. The Committee provided feedback on the risk levels and probabilities of certain notable risks.
3. The Committee received Staff reports on the third quarter 2023 unaudited financial statements and progress related to 2023 cybersecurity initiatives.



Report from November 9, 2023 Governance and HR Committee Meeting

The November 9, 2023 Governance and Human Resources Committee meeting included a review of the Board Education Policy and the review of the 2023 Committee Work Plan and activities for 2024.

1. The Committee reviewed the Board Education Policy as required by the policy review cycle. The Committee referred the Policy to the Board for adoption.
2. The Committee reviewed the progress in 2023 relative to the Committee Work Plan and noted key items for the Committee to consider in 2024.



Report from November 9, 2023 Policy Committee Meeting

The November 9, 2023 Policy Committee meeting included consideration of the 2024 administrative budget, a report on COAERS General Counsel, consideration of proposed revisions to the Board Record Management Policy, and a report on the Board's policy review cycle.

1. The Committee received a report on the services provided by the COAERS General Counsel. Mr. Hanson overviewed the scope of services, fees, and legal work performed by the attorneys representing COAERS from The Knight Law Firm.
2. The Committee considered proposed revisions to the Records Management Policy. The Committee unanimously referred the proposed revisions to the Board for adoption.
3. The Committee reviewed the proposed 2024 administrative budget. Staff highlighted the major changes in personnel, professional services, building and equipment, information technology, communications, continuing education, and capital equipment. Staff noted that the proposal focuses on investing in COAERS' internal resources while supporting the overall strategic plan initiatives of plan. The Committee unanimously referred the proposed 2024 administrative budget to the Board for adoption.
4. The Committee reviewed the progress in 2023 relative to the Committee Work Plan and noted key items for the Committee to consider in 2024.



Report from November 17, 2023 Investment Committee Meeting

The November 17, 2023 meeting of the Investment Committee included discussions on investment performance through third quarter 2023, recommended changes to the Investment Policy Statement (IPS) and Investment Implementation Policy (IIP), investment strategy including the Investment Risk Framework, investment implementation including the Premier Lists for Real Assets and Fixed Income, the general consultant request for proposal (RFP) and private markets consultant request for information (RFI), the investment budget, and the work plan for 2024.

1. The Committee reviewed performance data from RVK through September 30, 2023. Staff reported Fund returns were below the assumed rate of return over the trailing 3-, 5- and 10-year periods. Staff reported that implementation of the Strategic Asset Allocation has delivered excess returns over the Passive Benchmark and noted underperformance relative to the Policy Benchmark over the trailing 3- and 5-year periods. RVK discussed dynamics in the capital markets including the narrow breadth of stock gains.
2. Staff discussed proposed changes to the IPS and IIP which incorporated Trustee direction from the October Board Workshop. These changes eliminated top quartile peer rankings as a specific goal and updated the investment beliefs, alongside various administrative changes. The Committee discussed the changes related to peer comparisons and functional portfolio construction, and directed Staff to incorporate their concerns into a new draft for future consideration.
3. Staff provided a review of the Investment Risk Framework including more recent Fund positioning as of the end of October 2023. Staff reported that the Fund is positioned with a heavy overweight to Cash & Equivalents and heavy underweights to Multi-Asset and Fixed Income and suggested that this positioning in the Strategic Bands remained appropriate as the outlook had not materially changed.
4. The Committee conducted its annual review of the Premier List for Real Assets. Staff reported on the performance, risk, and historical context for this asset class and no changes were recommended at this time. The Committee also conducted a review of the Premier List for Fixed Income. Staff reported on diligence efforts to bring forth a recommendation for a Private Credit mandate. The Committee recommended the proposed changes to the Fixed Income Premier List to be considered by the Board for approval, pending final approval by counsel on fund-related documents and the development of a funding implementation plan by Staff and RVK.
5. The Committee reviewed components of both an RFP for a General Investment Consultant and RFI for Private Markets Consulting Services. After providing feedback to Staff, the Committee recommended the proposed RFP for General Consulting Services and RFI for Private Markets Consulting Services to be considered by the Board for approval.

6. Staff presented data from the latest CEM Benchmarking Report showing that the Fund remains low-cost relative to peers. Staff also presented a proposed 2024 Investment Budget. The Committee recommended the proposed 2024 Investment Budget to be considered by the Board for approval.
7. The Committee reviewed the progress towards the 2023 Committee Work Plan. The Committee also reviewed a 2024 Committee Work Plan which includes additional meetings throughout the year compared to prior years.

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

Presented by Yuejiao Liu, Chair



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 7:

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

AGENDA ITEM OBJECTIVE

The objective of the agenda item is to certify the election results and declare the official winner for Active Member Place 7.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

The objective of this agenda item advances the core competency established in the **COAERS Strategic Plan** *“Dependable Operations: Managing the financial and operational commitments within appropriate measurable standards.”*

RECOMMENDATION FOR BOARD ACTION

Staff recommends the Board certify the election results and declare the official winner of the election for Place 7 on the Board of Trustees as reported by the Nominating and Election Committee.

BACKGROUND

This year, COAERS conducted an election for Active Member Place 7 on the COAERS Board of Trustees. The results of the election will be shared by Election Committee Chair Ms. Youqin (Lynn) Cui, an active COAERS member. The official results are included in the Board materials.

ATTACHMENT

1. Declaration of the Vote – 2023 Active Member Place 7

December 4, 2023

Michelle Mahaini
Senior Services Officer
City of Austin Employees' Retirement System

Dear Michelle Mahaini:

The attached report contains the results from the election for the City of Austin Employees' Retirement System for Active Member Place 7.

Thank you. It has been a pleasure working with you.

Sincerely yours,



Chris Backert
CEO
Election-America, Inc.



Official Declaration of the Vote

Ballot Totals

Total number of postal ballots distributed:10,963
 Number of e-ballots:5,522

Total number of processed ballots:634
 Online ballots:458
 Paper ballots:176

Total number of Valid ballots:630
 Invalid ballots:4

- Blank ballots0
- Invalid Write-ins1
- Invalid Overvote ballots:3
- Nonprocessable:0
- Damaged ballots:0
- Ballots late/missing postmark:0

Results

Race	Candidate/Choice	Votes
Active Member Place 7	Brad Sinclair	452
Active Member Place 7	Chris 'Kaz' Wojtewicz	174

Write-ins

Race	Write-in	Votes
Active Member Place 7	Curtis Carter, Watershed Protection Supervisor	1
Active Member Place 7	Daniel Owens EMS	1
Active Member Place 7	Hernando Jaimes Aviation	1
Active Member Place 7	Jorge Lara Transportation and Public Works	1
Active Member Place 7	Total write-ins	4



8. Discuss and consider the following items:

A. 2024 administrative budget

B. 2024 investment budget

Presented by Yuejiao Liu, Chair



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 8:

Discuss and consider the following items:

A. 2024 administrative budget

AGENDA ITEM OBJECTIVE

The objective of this agenda item is to review the proposed 2024 budget.

RELEVANCE TO STRATEGIC PLAN

The objective of this agenda item advances **COAERS Strategic Plan Goal 2: Responsibly Manage the Risks of the System**. This agenda item also meets the core competency established in the **COAERS Strategic Plan** “Dependable Operations: Managing the financial and operational commitments within appropriate measurable standards.”

RECOMMENDATION FOR BOARD ACTION

The Policy Committee recommends the Board approve the 2024 Administrative Budget as presented.

ATTACHMENTS

1. Staff Report on 2024 Proposed Administrative Budget
2. Staff Presentation “2024 Budget Initiatives”
3. Proposed 2024 Administrative Budget



2024 Proposed Administrative Budget Staff Report

Summary

The proposed 2024 budget for all administrative expenses totals \$8,332,874. This represents an overall administrative expense increase of \$974,543 from the 2023 budget for administrative expenses, or an increase of 13.2%. The proposed budget continues to focus on investing in COAERS internal resources including personnel and information technology while supporting the overall strategic plan initiatives including customer service, risk management, cybersecurity, and talent management.

For the 2024 budget, proposed increases over 2023 include an increase in base salary, as well as proposed costs associated with the addition of seven new FTEs. Associated costs such as payroll taxes, group insurance benefits, and retirement contributions are all proposed to increase. Savings are projected in certain areas of the proposed budget as funding necessary during the 88th Legislative Session is not necessary for 2024. This also includes savings in certain professional services such as actuarial consulting, legal, and governmental relations. The following is a description of the notable proposed budget items.

Personnel

The budget proposes the addition of seven new FTEs: two Member Service Coordinators, one Member Service Specialist, one Investment Accountant, one General Accountant, one Portfolio Director, and one Portfolio Manager. The positions would fill much-needed roles supporting customer service and member education, finance and accounting, and investments. The addition of these positions will allow COAERS to better meet customer needs, continue to expand member outreach and engagement, mitigate succession risk, and strengthen the depth of the organization's financial and investment teams as the Fund looks to build out its private markets program. Additional funding related to the seven proposed FTEs is also included for insurance, retirement contributions, and payroll taxes.

The budget also proposes a base salary adjustment for 2024. For 2024, management is proposing a scaled approach for the base salary adjustment with staff with annual salaries of less than \$150,000 receiving a base increase of 5% and staff with salaries of greater than \$150,000 receiving a base salary increase of 4.0%. This data for a base salary rate increase of 5% is supported by CBIZ Consulting, which provides COAERS with annual salary and market information as part of their engagement from the 2022 Market Study. A copy of this recommendation is included in the Committee materials.

Additionally, management is proposing \$35,000 to fund internal promotions which management views as critical in the retention of talent at the organization and is consistent with the organization's compensation philosophy and Strategic Goal #5 related to talent management. Management has also proposed funding for a COAERS internship program. For the first year, COAERS anticipates hiring one intern and has proposed a budget of \$25,000 for this initiative.

Professional Services

The budget proposes reductions for actuarial, general counsel, and governmental relations as additional funding had been provided in 2023 for work related to the 88th Legislative Session. Proposed funding for 2024 for these services is at historical levels and consistent with expected projects and workloads. Small increases are proposed for tax counsel and financial statement auditing, consistent with proposed engagements and expected project work.

COAERS has an engagement with CEM Benchmarking for 2023-2024. In 2023, CEM has benchmarked the COAERS investment program cost. Funding for this analysis is in the 2023 investment budget. In 2024, CEM will provide a Pension Administration Benchmarking report for a cost of \$24,000. CEM Benchmarking provides critical investment and pension administration data which is used as key performance indicators in the COAERS Strategic Plan. Also proposed in the 2024 administrative budget is \$50,000 for outside consulting related to the development of a "MemberDirect" app as well as consulting for our financial operations.

Building and Equipment

The most notable element of the proposed budget is the organization's expected move to 4700 Mueller. For the administrative budget, the proposal includes a significant reduction in lease and occupancy costs associated with COAERS renting office space at Northpoint. The proposed budget includes lease and occupancy funding through March 2024.

Information Technology

The budget includes funding to cover cost increases related to the seven new FTEs including Microsoft Office and Adobe licenses. Additionally, service costs for death audit services are proposed with COAERS identifying a new vendor with appropriate information security measures. The budget also proposes funding related to cybersecurity technology upgrades necessary to improve COAERS defenses against cyberattack as well as expand the areas of defense coverage to tablet apps and cloud-based applications. The proposed budget includes funding for application resources and industry-related research for the new Cybersecurity Analyst. Lastly, COAERS has identified a new telecommunications platform which is expected to significantly reduce costs while providing better functionality. The budget funds three months of the current system; however, once COAERS relocates to 4700 Mueller, the new platform will be utilized leading to an overall budget reduction of \$21,500.

Continuing Education

The proposed budget includes additional funding for both Trustees and Staff related to continuing education. Given the increased cost of travel as well as educational events in general, management is proposing an increase in funding for Board Continuing Education. With the addition of seven new FTEs, as well as the previously noted price increases, management has also proposed increasing the Staff Continuing Education budget.

Communications

The proposed budget includes an increase in funding for postage and mailing with a slight reduction in printing costs. The budget also includes savings for hosting and maintenance of the COAERS website.

Other Administrative

The proposed budget reflects the expectation that Board fiduciary insurance and D&O coverage costs will remain flat in 2024. Additional funding is proposed for the advertisement of the seven new FTE positions. Other proposed increases include additional funding in the awards and recognition budget for the new FTEs, costs of additional memberships and subscriptions, as well as an increase in funding for office supplies to account for new employees and the move to 4700 Mueller.

Capital Budget

The budget proposes additional funding for the programming of COAERS' pension administration system to ensure alignment with the City's new benefits and payroll systems. Additional funding is proposed for new furniture at 4700 Mueller for the seven new FTEs, as well as computer equipment for the new employees. Lastly, proposed funding is included for scheduled laptop replacement, server licenses, and other software licenses.

Cost Benchmarking

To determine whether the proposed administrative budget is appropriate based on the administrative expenses of our peers, Staff compared the expenses on a cost per member basis utilizing the CEM Benchmarking approach. CEM Benchmarking is a company that works with pension funds to analyze and benchmark their administrative and investment costs.

The total cost of the proposed administrative budget is \$8,332,874. The CEM methodology does not include investment-related costs, including staff salaries and benefits, so these costs of \$1,825,633 are subtracted. These costs are included in the proposed 2024 investment budget. The remaining total administrative costs proposed in the 2024 budget are \$6,507,241. See the table below for the details.

Total Proposed 2024 Administrative Budget	\$8,332,874
2024 Investment-Related Costs	(\$1,825,633)
2024 Adjusted Administrative Costs (CEM Methodology)	\$6,507,241

The CEM Methodology then divides the total administrative costs by the total number of active and annuitant members of the system. COAERS' active and annuitant membership base is currently 21,953, which produces an annual cost of \$296 per member, or a cost of \$24.67 per member per month. For fiscal year 2020, the median annual cost per member of the peer group was \$292 per member. The CEM report stated that COAERS' smaller size compared to the peer group created a \$23 cost disadvantage to the peer average, which added in would bring the

adjusted peer average to above \$315 per member, or \$26.25 per member per month. So, the proposed 2024 administrative budget annual cost of \$24.67 per member per month is slightly lower than the adjusted peer average per member per month from 2020.

Recommendation

The Policy Committee unanimously recommended the Board approve the proposed 2024 administrative budget.



COAERS 2024 Budget Initiatives

CHRISTOPHER HANSON
EXECUTIVE DIRECTOR
December 19, 2023

OVERVIEW

- Member Services Staffing
- Information Technology Funding
- Investment Program: Building out Private Markets
- Proposed five-year staffing for COAERS
- Cost Benchmarking of COAERS and Peers
- Cost Benchmarking Proposed 2024 Budgets



Demand on Member Services

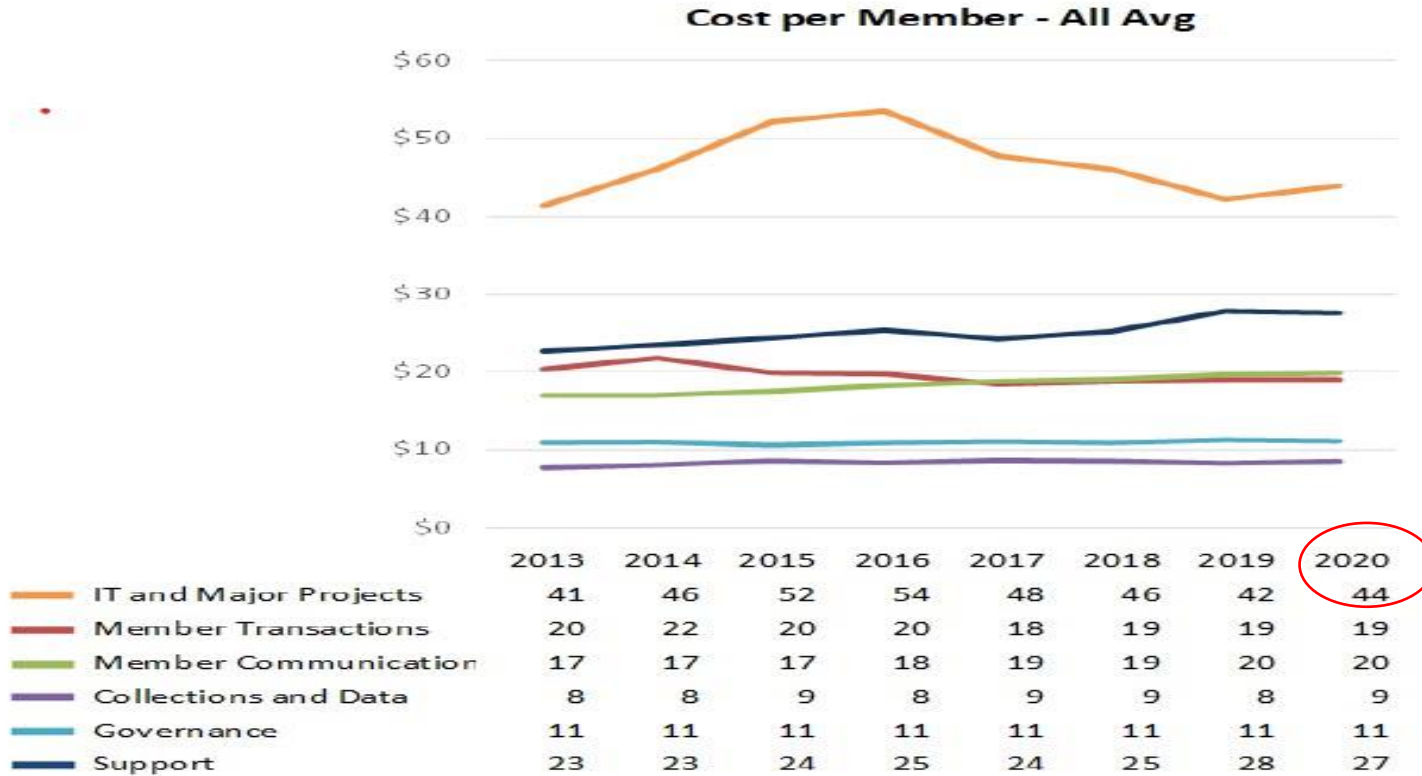
- Over the last ten years:
 - The number of COAERS retirees has increased by 57%
 - The number of new retirements processed annually has increased by 20.2%
 - The number of death payments processed annually has increased by 35.4%
 - The number of total member transaction has increased by 48.9%
 - The number of COAERS members per Member Services FTEs has increased from 1,888 to 2,138
- Over the last three years (2021-2023), Member Services has conducted 174-member education events, including 39 department presentations, 6 mid-career presentations, 4 retiree focused events, and the launch of the first ever financial wellness seminar. Before 2021, the average number of member education events was 38 annually. Currently, Member Services is averaging 58 member events annually; representing a 53% increase in member events.
- From January to October, Member Services managed 557 customer engagements, including nearly 400 in-person meetings.
- Over the last ten years, the Member Services staff has only increased by only one FTE, from 7 to 8, or 14%.

Cybersecurity Budget Growth

According to the 2021 CEM Pension Administration Benchmarking Report, public retirement systems largest budgetary expenditure (outside of staffing) is now IT and Major Projects.

Pension administration systems are becoming IT organizations.

- IT & Major projects is now the biggest cost category for most systems.



The proposed 2024 administrative budget's Information Technology and major projects is \$43.20 per member.



Based on 35 systems in the CEM universe that provided 8 years of consecutive data.

Cybersecurity Risks

- According to the “2024 Homeland Threat Assessment” released by the Department of Homeland Security, ransomware attackers extorted \$450 million in the first half of 2023 and are expected to have their second most profitable year.” This is due to two key factors:
 1. Return of “big game hunting” or the targeting of large organizations; and
 2. Continued attacks against smaller organizations
- It is estimated that ransomware will extort \$900 million in 2023, the second most profitable year trailing only 2021’s \$939.9 million.
- The report also states that the number of known ransomware attacks in the United States has increased by 47% between January 2020 and December 2023.
- The average business needs at least 22 days to recover and resume operations after a ransomware attack. Ransomware recovery frequently costs 50 times more than the ransom demand.

COAERS Investment Cost Analysis

Benchmark cost analysis suggests that, after adjusting for fund size and asset mix, your fund was low cost by 10.5 basis points in 2022.

Your benchmark cost is an estimate of what your cost would be given your actual asset mix and the median costs that your peers pay for similar services. It represents the cost your peers would incur if they had your actual asset mix.

Your total cost of 33.9 bp was below your benchmark cost of 44.4 bp. Thus, your cost savings were 10.5 bp.

Your cost versus benchmark

	\$000s	basis points
Your total investment cost	11,093	33.9 bp
Your benchmark cost	14,514	44.4 bp
Your excess cost	(3,421)	(10.5) bp

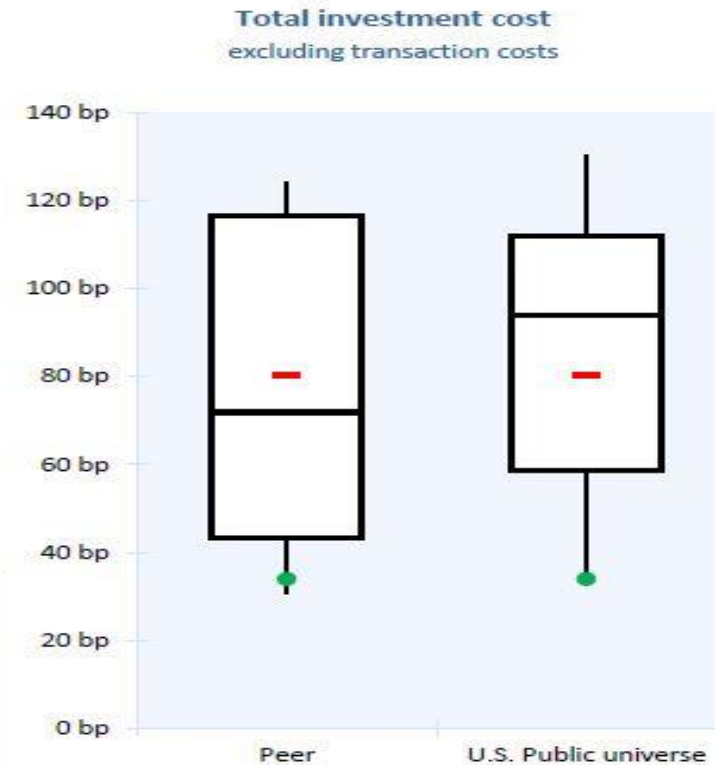
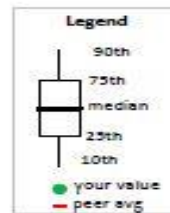
COAERS Investment Cost Analysis

Your total investment cost of 33.9 bps was below the peer median of 71.8 bps.

Differences in total investment cost are often caused by two factors that are often outside of management's control:

- Asset mix, particularly holdings of the highest cost asset classes: real estate (excl. REITs), infrastructure, hedge funds, private equity and private credit. These high cost assets equaled 8% of your assets at the end of 2022 versus a peer average of 22%.
- Fund size. Bigger funds have advantages of scale.

Therefore, to assess whether your costs are high or low given your unique asset mix and size, CEM calculates a benchmark cost for your fund. This analysis is shown on the following page.



Investment Program: Building Private Markets

Average reported benchmark returns for common asset classes - 5-year returns



5-year average policy mix

	Your Fund	U.S. Publ Avg.	More/ Less
EAFE Stock	6%	5%	1%
U.S. Stock	31%	21%	10%
Emerging Market Stock	3%	2%	1%
ACWIxUS Stock	18%	8%	10%
Global & Other Stock	0%	21%	-21%
Private Equity	0%	9%	-9%
Total Public and Private Equity	58%	56%	2%
U.S. Bonds	19%	16%	3%
Fixed Income - U.S. Gov't	2%	1%	1%
Fixed Income - U.S. Credit	2%	0%	1%
Inflation Indexed Bonds	0%	3%	-3%
Other Fixed Income (You: MBS)	1%	5%	-4%
Total Fixed Income	23%	25%	-2%
Global TAA	3%	1%	2%
Hedge Funds	0%	4%	-4%
Risk Parity	4%	1%	3%
Commodities	1%	1%	0%
Infrastructure	2%	1%	1%
Real Estate ex-REITs	7%	8%	0%
Other Real Assets ¹	2%	2%	0%
Private Debt	0%	2%	-2%
Total	100%	100%	0%

Staffing

- The first floor of 4700 Mueller should accommodate approximately 40 employees
- The Board has currently approved 26 FTEs
- Initial planning for staff building in the next 12-24 months and then 4-5 years:

2024-2025

- Member Services: 2-3
- Finance: 1-2
- Investments: 1-2
- Information Technology: 0
- Communications: 0
- Administration: 1-2

2028-2030

- Member Services: 1-2
- Finance: 1-2
- Investments: 1-2
- Information Technology: 1-2
- Communications: 1
- Administration: 1-2

Benchmarking COAERS 2024 Proposed Budgets

	Assets under Management (AUM)	Investment Expense	Inv. BPS	Admin Expense	Admin BPS	Total Expenses	Total BPS	Total Members	Total Expenses per member	Total Inv. Expenses per member	Admin Expense per member
COAERS	\$3,113,000,000	\$12,184,506	38.9	\$ 6,507,241	21.1	\$18,691,747	60	21,953	\$851	\$555	\$296
HMEPS	\$3,970,544,295	\$ 33,879,042	85.3	\$5,680,932	14.3	\$39,559,974	99.6	30,686	\$1,289	1,104	\$185
DERF	\$3,516,280,000	\$19,621,000	55.8	\$8,206,000	23.3	\$27,827,000	79.1	17,422	\$1,597	\$1,126	\$471
FWERF	\$2,511,756,247	\$ 20,903,247	83.2	\$ 6,782,659	27.0	\$27,685,906	110.2	13,020	\$2,126	\$1,605	\$521

**Peer Data from their 2022 Annual Comprehensive Financial Report*

Benchmarking COAERS 2024 Proposed Budgets

	Assets under Management (AUM)	Investment Expense	Inv. BPS	Admin Expense	Admin BPS	Total Expenses	Total BPS	Total Members	Total Expenses per member	Total Investment Expense per Member	Admin Expense per member
COAERS	\$3,113,000,000	\$12,184,506	38.9	\$ 6,507,241	21.1	\$18,691,747	60.0	21,953	\$851	\$555	\$296
APRS	\$933,084,477	\$ 8,170,978	87.6	\$3,009,797	32.3	\$11,180,775	119.9	3,048	\$3,668	\$2,681	\$987
AFRS	\$ 1,115,832,870	\$7,044,378	63.1	\$1,283,215	11.5	\$8,327,593	74.6	2,213	\$3,763	\$3,183	\$580

**Peer Data from their 2022 Annual Comprehensive Financial Report*

Questions



Proposed COAERS 2024 Administrative Budget: Summary

	2022	2023	2024	2024 Increase (Decrease)
Total Personnel Budget				
Total Salaries and Cash Compensation	3,016,584	3,459,792	4,521,247	1,061,455
Payroll Taxes	227,326	271,148	345,875	74,727
Group Insurance Benefits	450,000	493,805	709,612	215,807
Retirement Contributions	573,151	657,361	392,444	(264,917)
Retirement/Terminal Pay	50,000	60,000	75,000	15,000
Internships	-	-	25,000	25,000
Contract labor	2,600	2,600	3,500	900
Total personnel costs	4,319,661	4,944,706	6,072,679	1,127,973
Total Approved FTEs: 33				
Professional Services				
Total Professional Services costs	461,680	445,000	410,500	(34,500)
Building and Equipment				
Total Building and Equipment costs	517,600	526,725	162,975	(363,750)
Information Technology Resources				
Total Information Technology costs	768,850	764,550	878,300	113,750
Continuing Education				
Continuing Education costs	85,000	85,000	120,000	35,000
Communications				
Total Communications costs	110,000	124,250	123,120	(1,130)
Other Administrative				
Total Other Administrative costs	335,060	353,500	379,800	26,300
Capital Projects and One-Time Events				
Pension Administration System	56,000	54,600	65,500	10,900
Capital Improvements Program	70,000	60,000	120,000	60,000
Total Capital Projects	126,000	114,600	185,500	70,900
Total Administrative Expense Budget	\$ 6,723,851	\$ 7,358,331	\$ 8,332,874	\$ 974,543

Proposed COAERS 2024 Administrative Budget: Detail					
	2022	2023	2024	2024 Increase (Decrease)	Notes and Explanation
Personnel					
Total Personnel Budget					
Total Salaries and Cash Compensation	3,016,584	3,459,792	4,521,247	1,061,455	
<i>Base Salary</i>	2,857,292	3,039,477	3,528,899	489,422	Includes full annual salaries for 2 IT positions approved during 2023
<i>Base Increase of 4.0%/5.0%</i>	114,292	175,315	142,219	(33,096)	Consistent with recommendation from CBIZ and same as City of Austin
<i>Market Adjustments</i>	-	139,000	35,000	(104,000)	Funding for internal promotions
<i>Additional Staffing for 2024</i>	-	-	764,629	764,629	Base salary for 7 new FTEs
<i>Overtime</i>	30,000	30,000	30,000	-	
<i>SIP</i>	15,000	16,000	20,500	4,500	7 new staff qualify plus costs for other 10 staff receiving an annual increase
Payroll Taxes	227,326	271,148	345,875	74,727	Includes costs for 7 new FTEs
Group Insurance Benefits	450,000	493,805	709,612	215,807	Includes costs for 7 new FTEs
Retirement Contributions	573,151	657,361	392,444	(264,917)	COAERS contribution requirement does not include a legacy liability payment
Retirement/Terminal Pay	50,000	60,000	75,000	15,000	Increase due to retirement eligibility of long-tenured staff
Internships	-	-	25,000	25,000	Proposed launch of new internship program in 2024
Contract labor	2,600	2,600	3,500	900	Increase to provide assistance in customer service before new FTEs can be hired
Total personnel costs	4,319,661	4,944,706	6,072,679	1,127,973	
Total Approved FTEs: 33					
Professional Services					
Actuary	140,000	140,000	102,500	(37,500)	Reduced to longer-term average and reflects removal of session related costs
Attorney: General Counsel	100,000	100,000	75,000	(25,000)	Reduced to longer-term average and reflects removal of session related costs
Attorney: Tax Counsel	15,000	20,000	25,000	5,000	Increase to reflect actual expenditures which have run over budget
Audit: Internal and External	85,000	70,000	75,000	5,000	Reflects contractual costs increases
Medical Review: Disability	10,000	11,000	11,000	-	
Governmental Relations	48,000	84,000	48,000	(36,000)	Reduced to longer-term average and reflects removal of session related costs
Benchmarking Services	-	-	24,000	24,000	Pensions Administration Benchmarking due in 2024
Other	18,000	20,000	50,000	30,000	COAERS app development consulting as well as other financial technology consulting
Total Professional Services costs	461,680	445,000	410,500	(34,500)	
Building and Equipment					
Building Maintenance	25,600	25,600	17,250	(8,350)	
Northpoint Lease	470,000	480,000	120,600	(359,400)	Reflects rent in Northpoint through March 2024
Equipment Maintenance & Leases	12,000	8,000	12,000	4,000	Increase due to new copiers and associated costs
Insurance: Property & Casualty	10,000	13,125	13,125	-	
Total Building and Equipment costs	517,600	526,725	162,975	(363,750)	
Information Technology					
Business Continuity	62,200	71,200	78,800	7,600	Funding for disaster recovery activities and exercises
General Computer Support	128,650	138,150	196,050	57,900	Cost increases associated with the 7 new FTEs, as well as price inflation across a variety of software subscriptions and new death audit services.
Dynamics GP License and Support	20,000	30,000	30,000	-	
Pension Admin System Licenses and Support	270,000	157,000	152,000	(5,000)	
Cybersecurity Initiatives	225,000	299,200	373,950	74,750	Darktrace cost increase, additional cybersecurity resources, cost increases for existing cybersecurity resources, and IT subscription price increases
Telecommunications	63,000	69,000	47,500	(21,500)	Switching phone systems with significant expected savings
Total Information Technology costs	768,850	764,550	878,300	113,750	

Proposed COAERS 2024 Administrative Budget: Detail					
	2022	2023	2024	2024 Increase (Decrease)	Notes and Explanation
Continuing Education					
Board Continuing Education	40,000	40,000	60,000	20,000	Increased to account for higher cost of travel and more trustee attendance
Staff Continuing Education	45,000	45,000	60,000	15,000	Increased to account for additional staff and higher associated costs
Total Travel and Training costs	85,000	85,000	120,000	35,000	
Communications					
Printing	49,500	61,250	58,250	(3,000)	
Postage and Mailing	32,000	34,500	40,170	5,670	Increase in postal costs and additional mailing regarding move to 4700 Mueller
Member Education	10,000	10,000	10,000	-	
Digital Communications	18,500	18,500	14,700	(3,800)	Website hosting costs renegotiated ending up with lower annual costs
Total Communications costs	110,000	124,250	123,120	(1,130)	
Other Administrative					
Insurance: Fiduciary/D&O Liability	222,000	227,500	227,500	-	Costs expected to remain level in 2024
Advertising	5,000	5,000	15,000	10,000	Increase for listing new positions at COAERS
Bank Fees	4,500	4,500	-	(4,500)	Higher interest rates have led to operating bank no longer charging fees
Delivery Service	3,000	5,000	5,000	-	
Memberships, Subscriptions, and fees	40,000	45,000	60,000	15,000	Additional subscription costs for new staff and inflation adjustments for current ones
Meetings and Events	35,000	40,000	40,000	-	
Awards and Recognition	1,560	2,500	3,300	800	Increased to match expected FTE count of 33
Mileage	2,000	2,000	2,000	-	
Miscellaneous	2,000	2,000	2,000	-	
Office Supplies	20,000	20,000	25,000	5,000	Increased demand expected with 7 new FTEs
Total Other Administrative costs	335,060	353,500	379,800	26,300	
Capital Projects and Events					
Capital Projects					
Pension Administration System	56,000	54,600	65,500	10,900	Increase costs due to PG3 programming to ensure alignment with the City's new payroll and accounting systems.
Capital Improvements Program	70,000	60,000	120,000	60,000	
<i>Building</i>					
Office furniture and equipment	10,000	10,000	50,000	40,000	Additional furniture for 7 new FTEs at 4700 Mueller
<i>Computer hardware and software</i>					
Computer hardware and software	60,000	50,000	70,000	20,000	New laptops, monitors, and associated workstation costs for 7 new FTEs, existing laptop rotations, server licenses, and other software
Total Capital Projects	126,000	114,600	185,500	70,900	
Total Administrative Budget	\$ 6,823,851	\$ 7,358,331	\$ 8,332,874	\$ 974,543	



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 8:

Discuss and consider the following items:

B. 2024 investment budget

AGENDA ITEM OBJECTIVE

The objective of this agenda item is to review the proposed 2024 investment budget.

RELEVANCE TO STRATEGIC PLAN

The objective of this agenda item advances **COAERS Strategic Plan Goal 2: Responsibly Manage the Risks of the System**. This agenda item also meets the core competency established in the **COAERS Strategic Plan** “Dependable Operations: Managing the financial and operational commitments within appropriate measurable standards.”

RECOMMENDATION FOR BOARD ACTION

The Investment Committee recommends the Board approve the 2024 Investment Budget as presented.

BACKGROUND

COAERS embarked on a multi-year transformation of its approach to investment governance and strategy. The effort supported the System’s mission of providing reliable retirement benefits and its vision of being recognized as the standard of excellence in public pension plans.

As part of the COAERS Strategic Plan, CEM Benchmarking performed a full cost analysis of the investment program and showed that the Fund remains low-cost relative to peers. This full report can be found in the supplemental materials. This analysis, as of year-end 2022, shows that the COAERS investment program ranked in the bottom quartile (i.e., lowest cost) among peers and the total US public pension universe.

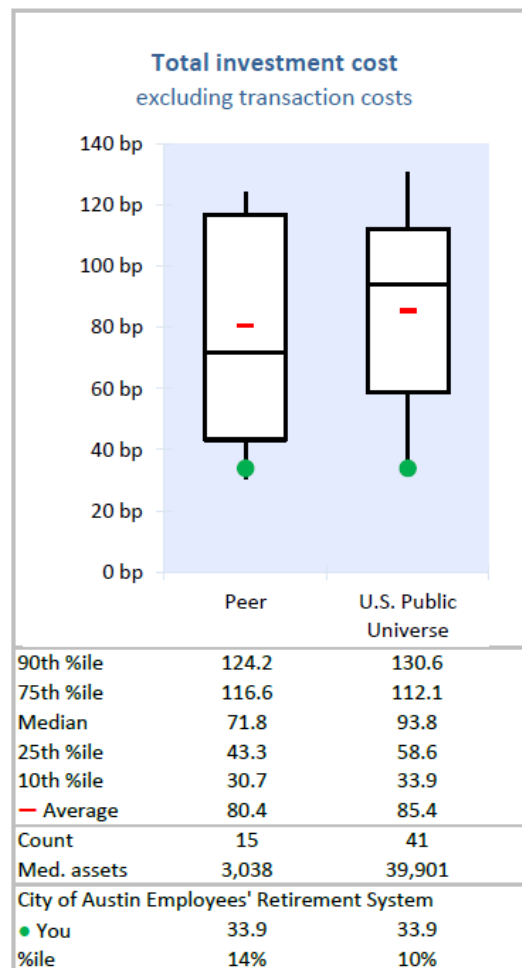
Staff has developed a proposed investment resource budget for 2024 that is aligned with the organization’s mission, vision, and goals. Notably, this proposed budget includes additional resources related to the build-out of additional private markets capabilities. Staff will review these figures and items for consideration in 2024.

ATTACHMENTS

1. Staff Memo “CEM Benchmarking and Proposed Budget”
2. Proposed 2024 Investment Budget

CEM Benchmarking Results

The System has a strong history of defraying reasonable costs through its budgeting process for the investment program and has historically focused on optimizing costs for value received. As part of the COAERS Strategic Plan, CEM Benchmarking performed a full cost analysis of the investment program and showed that the Fund remains low-cost relative to peers. This full report can be found in the supplemental materials. This analysis, as of year-end 2022, shows that the COAERS investment program ranked in the bottom quartile (i.e., lowest cost) among peers and the total US public pension universe.



The analysis also evaluates a benchmark cost to account for differences in asset allocation among different pensions. The benchmark cost is an estimate of what the cost would be given COAERS' actual asset allocation and the median costs that peers pay for similar services. It represents the cost COAERS' peers would incur if they had COAERS' actual asset allocation. This analysis showed that the COAERS investment program was 10.5 basis points less expensive than would be expected should a peer plan run the Fund. This efficiency in implementing the program represents a cost savings of approximately \$3.4 million per year.

Your cost versus benchmark

	\$000s	basis points
Your total investment cost	11,093	33.9 bp
Your benchmark cost	14,514	44.4 bp
Your excess cost	(3,421)	(10.5) bp

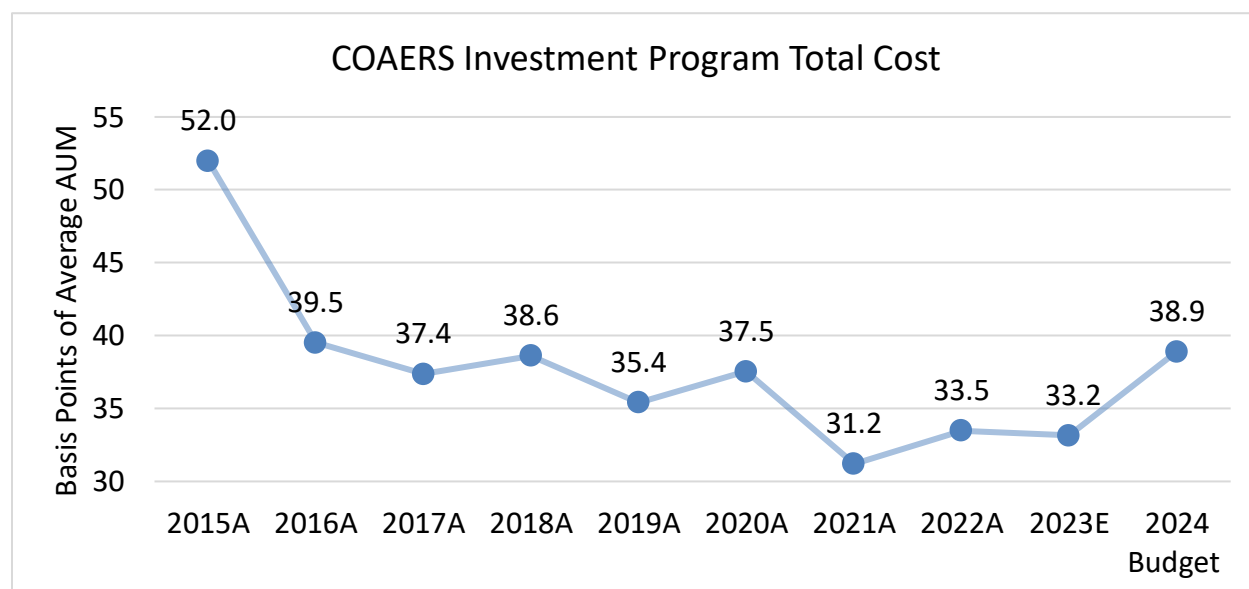
The reasons for this cost effectiveness are noted as using less active management, the use of evergreen strategies in private markets, and paying less than peers for similar investment management approaches. This analysis would indicate that the implementation decisions managed by Staff provide value through cost optimization and provide a cost benefit to the Fund.

Reasons for your low cost status

	Excess Cost/ (Savings)	
	\$000s	bps
1. Lower cost implementation style		
• Less active management, more lower cost passive	(1,152)	(3.5)
• Use of external management vs. lower cost internal	2	0.0
• Less LPs as a percentage of external	(1,691)	(5.2)
• More overlays	124	0.4
	(2,717)	(8.3)
2. Paying less than peers for similar services		
• External investment management costs	(1,417)	(4.3)
• Oversight, custodial & other costs ¹	713	2.2
	(704)	(2.2)
Total savings	(3,421)	(10.5)

Proposed 2024 Investment Budget

The proposed 2024 Investment Budget continues the focus on cost optimization and incrementally increases capabilities related to private markets. Staff are requesting increased budgets for general and private markets consulting, additional personnel (included for reference, approved through the administrative budget), and investment systems.



The requested budget items are aligned with the buildout of the Fund's private markets programs and represent value for fees spent. Measured as a percentage of Fund assets, this budget increases to 38.9 basis points from estimated expenses of 33.2 basis points in 2023. Despite the marginal increase in total costs measured by basis points, this budget still measures in the bottom quartile for investment expenses based on the CEM Benchmarking data.

CEM Costs		
Percentile	Peer Plans bps	Peer Plans \$
90th	124.2	38,898,193
75th	116.6	36,517,950
Median	71.8	22,487,039
25th	43.3	13,561,125
10th	30.7	9,614,932
Average	80.4	25,180,473
2023E	33.2	10,001,148
2024 Proposed	38.9	12,184,506

*Difference between CEM and Staff reported 2022 fees measured in basis points (33.9 vs. 33.5) are primarily attributable to methodology differences in calculating AUM and cash/accruals manager fees methodology.

Proposed 2024 Investment Budget

	2024 Proposed Budget	2023 Budget	Change	Notes
Variable Cost Estimates ¹	8,613,160	7,714,281	+898,879	
Investment Manager Fees	8,243,160	7,394,281	+848,879	
Total	8,243,160	7,394,281	+848,879	
Basis Points of Average AUM (estimated)	26.3	25.3	+1.0	Assumes Private Credit ramp up to \$100M by YE with a 1% fee
Other Variable Investment Costs	370,000	320,000	+50,000	
Investment Legal Counsel	100,000	50,000	+50,000	Additional costs for Private Credit ramp up
Commissions & Other Transaction Costs	220,000	220,000	0	
Transition & Other Fees	50,000	50,000	0	
Budgeted Costs	3,571,346	2,673,733	+897,613	
Investment Consulting	355,713	410,908	-55,195	
General Investment Consultant - Base Fees ²	325,713	310,908	+14,805	Retainer for general investment consulting
Investment Consultant - Project Fees	30,000	100,000	-70,000	
Investment Personnel	1,825,633	1,397,825	+427,808	
Total Personnel Costs ³	1,825,633	1,397,825	+427,808	Adds 2 FTEs and annualizes full salary/benefits costs
Travel and Training	125,000	100,000	+25,000	
Due Diligence & Site Visits	75,000	50,000	+25,000	Existing and prospective manager diligence, consultant site visits
Staff Continuing Education	50,000	50,000	0	Professional designations, conferences, annual general meetings
Staff Investment Resources	940,000	455,000	+485,000	
Investment Systems	775,000	300,000	+475,000	Adds private markets resources for due diligence, manager databases, and accounting/performance needs; adds additional seats for new FTEs; adds risk management/optimization resources
Investment Research	125,000	125,000	0	GaveKal, Variant Perception, Preqin, etc.
Memberships & Licenses	25,000	20,000	+5,000	ILPA, The Conference Board, index licenses
Subscriptions	15,000	10,000	+5,000	Financial Times, Journal of Portfolio Management
Other Fixed Investment Costs	325,000	310,000	+15,000	
Custodial Fees	275,000	260,000	+15,000	Custody services, includes additional costs for drawdown funds
Reporting & Monitoring	50,000	50,000	0	Segal Marco, Abel Noser, daily custodian pricing
Total Investment Costs	12,184,506	10,388,014	+1,796,492	
Basis Points of Average AUM (estimated)	38.9	35.5	3.4	

¹ Variable costs are provided for informational purposes and are based on Staff estimates. These items will fluctuate due to AUM based agreements and per transaction/mandate costs.

² RVK contract expires mid-year, assumes a roll forward of existing cost

³ Included for informational purposes and are included in the COAERS Administrative Budget.

9. Discuss and consider 4700 Mueller including:

A. Status report, space planning, and construction budget

B. 2024 operations and projected pro forma analysis

Presented by Yuejiao Liu, Chair



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 9:

Discuss and consider 4700 Mueller including:

- A. Status report, space planning, and construction budget

AGENDA ITEM OBJECTIVE

The Executive Director will provide the Board a report on matters related to 4700 Mueller.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

This agenda item aligns with one of the five core competencies established in the COAERS Strategic Plan: “**Dependable Operations**: *Managing the financial and operational commitments of the system within appropriate measurable standards.*”

RECOMMENDATION FOR BOARD ACTION

For informational purposes only; no action required.

BACKGROUND

COAERS closed its purchase of the 4700 Mueller property on February 27. Since then, Staff have been working closely with the property manager, Riverside Resources, to manage the day-to-day needs of the property. Additionally, after the Board approved a budget for the buildout of the first floor at 4700, Staff and the general contractor Flintrock have been overseeing construction to prepare the first floor for COAERS to take occupancy.

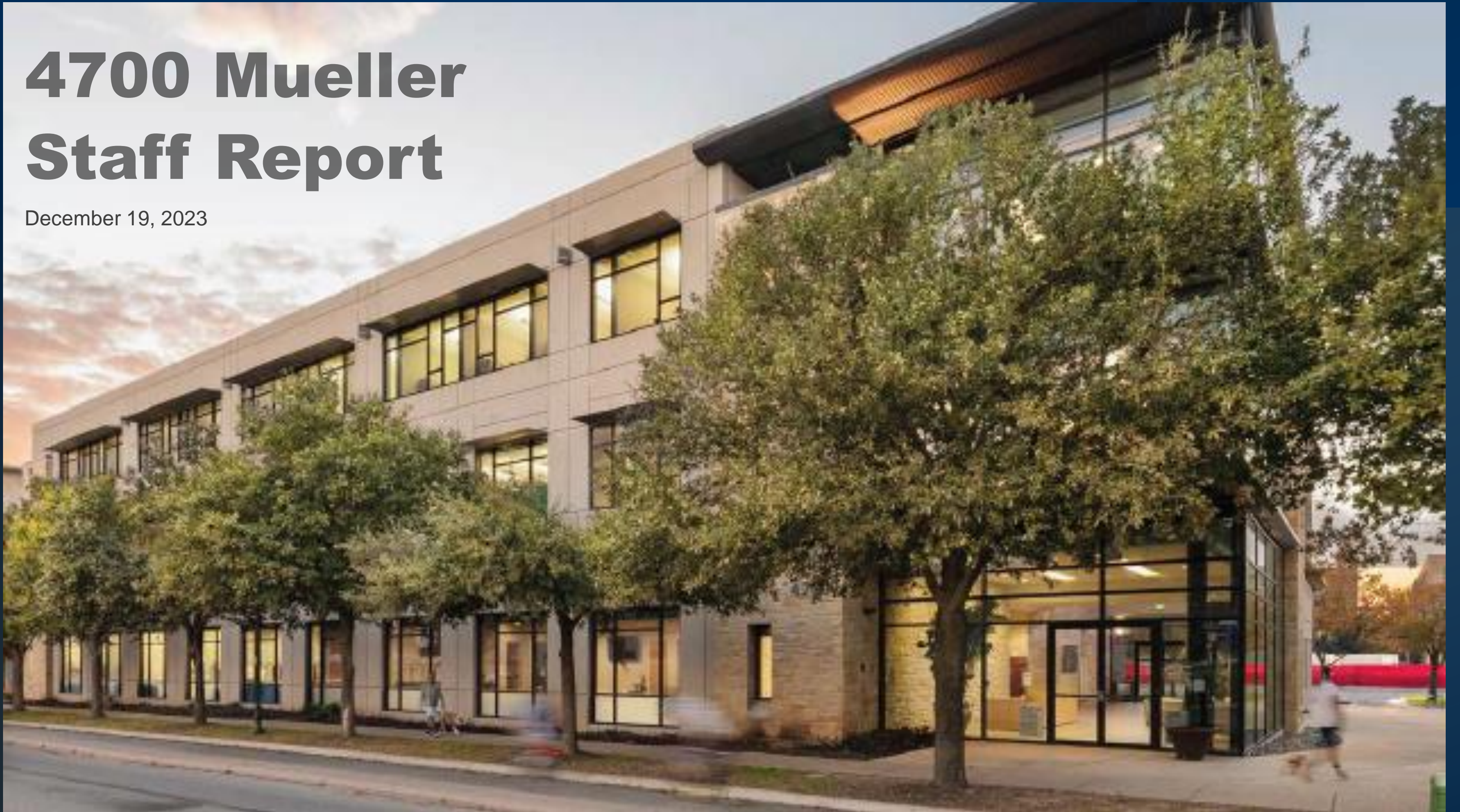
Staff will report on these activities to the Board and review with the Board the projected expenses against the budget.

ATTACHMENT

1. 4700 Mueller Report

4700 Mueller Staff Report

December 19, 2023



OVERVIEW

4700 Mueller Construction
Budget and Expenses

Highlight of Activities

Next Steps



4700 MUELLER CONSTRUCTION BUDGET

	BUDGET	ESTIMATED ACTUAL	DIFFERENCE
Tenant Improvement (COAERS Construction)	1,336,896	1,137,528	(199,368)
Professional Services (Architect, Legal)	99,875	113,094	13,219
Infrastructure (IT, AV, Furniture/Furnishings)	248,487	364,670	116,183
Moving	30,450	31,675	1,225
Subtotal	1,715,708	1,646,967	(68,741)
Contingency (10%)	171,571	-	(171,571)
Total	1,887,279	1,646,967	(240,312)

Construction costs per square foot was estimated at \$103.23. Actual cost per square foot was \$87.84.

HIGHLIGHT CURRENT ACTIVITIES



Construction

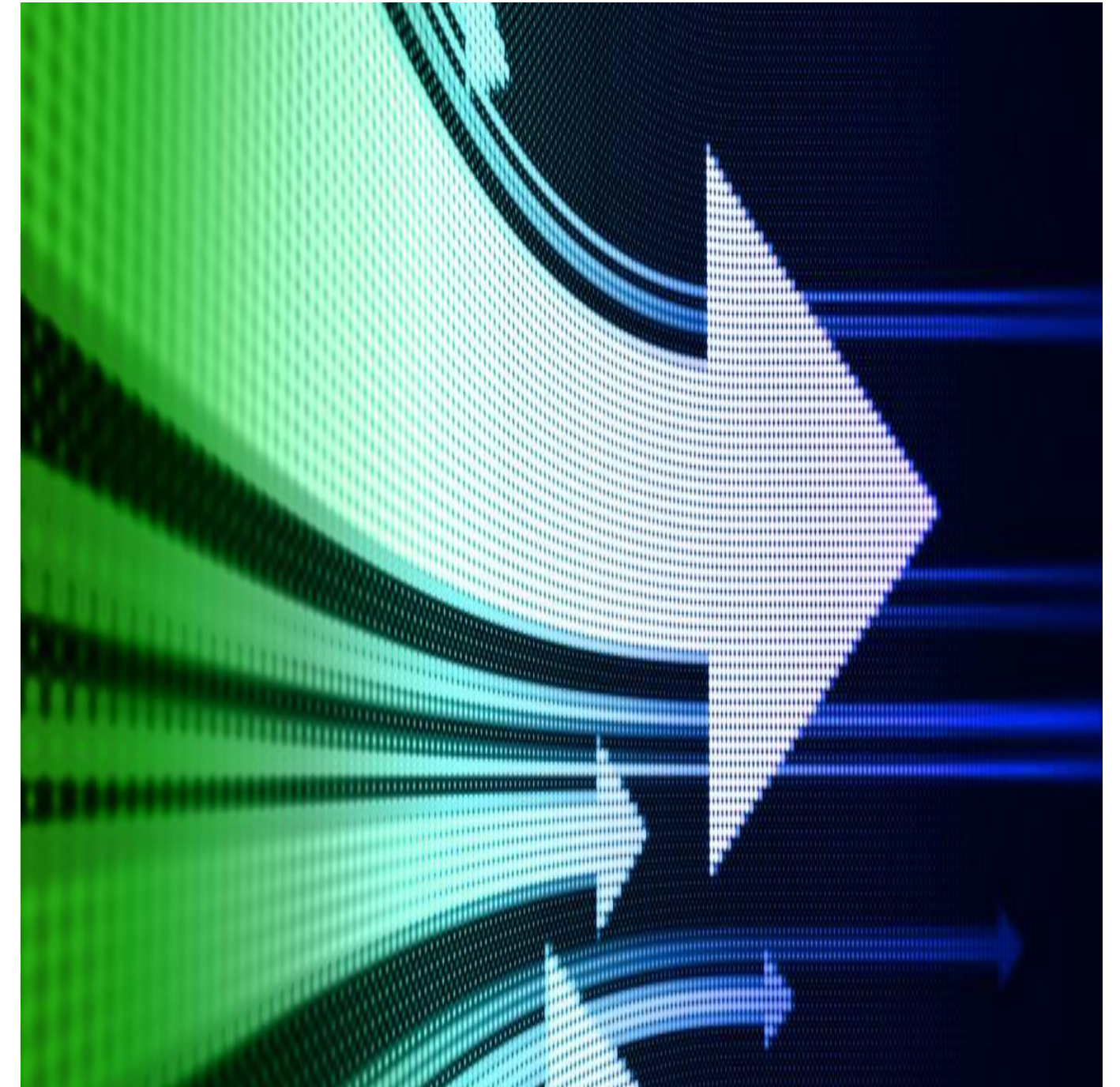
- Contractor: Flintrock Construction
- Construction began in July
- Weekly meetings between Staff and Flintrock
- Project completion expected early January

Property Management

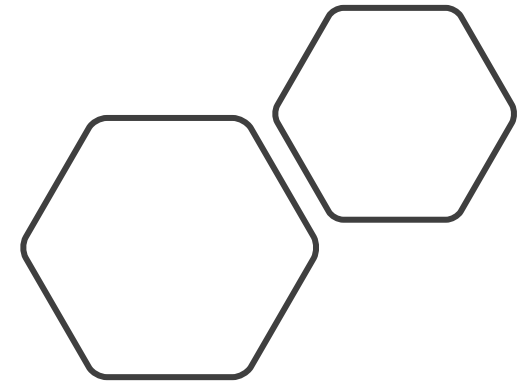
- All three tenants are occupying their space
- Weekly meetings with property management group
- Monthly financial reports (Audit and Risk financial statement report included Mueller income and expenses)

NEXT STEPS

- Monitor Flintrock and subcontractors for completion to specifications
- Final inspections and certificate of occupancy
- Finalize plans to move from Northpoint to Mueller
 - Contingent on operational functionality
 - Target Date is tentatively mid-February with first Investment Committee meeting in 2024 to be held at 4700 Mueller
- Communication to COAERS Members
 - Official opening date for customer service
 - Messaging across communication channels (digital and paper)
- Winding Down Northpoint Operations



QUESTIONS





BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 9: Discuss and consider 4700 Mueller including:

- B. 2024 operations and projected pro forma analysis

AGENDA ITEM OBJECTIVE

This agenda item is intended to provide the Board with the most current Pro Forma analysis for the 4700 Mueller property, including expected 2023 costs and projected 2024 operating expenditures.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

This agenda item aligns with one of the five core competencies established in the COAERS Strategic Plan: “**Dependable Operations: Managing the financial and operational commitments of the system within appropriate measurable standards.**”

RECOMMENDATION FOR BOARD ACTION

Staff recommends the Board approve the use of remaining budgeted funds from the Board-approved 4700 construction budget to replace the roof on the 4700 Mueller property.

BACKGROUND

In March of 2023, Staff presented the Board with a Pro Forma analysis of the property at 4700 Mueller. With 2023 ending and significant progress in the first-floor buildout at 4700 Mueller, Staff will provide an updated cash flow analysis with expected 2023 costs as well as 2024 estimated income and expenses.

Additionally, Staff will discuss with the Board a building maintenance issue that only recently came to light. In late September of 2023, the Austin area experienced a hailstorm with certain locations receiving hail more than 1.5 inches in size. The property at 4700 Mueller received significant hail damage on the roof. Staff will review the damage, the temporary repair work, and a proposed long-term solution.

ATTACHMENTS

1. 4700 Mueller Cash Flow Analysis Without Roof Repair
2. 4700 Mueller Cash Flow Analysis with Roof Repair

**4700 Mueller Cash Flow Projections
Without Roof Repair**

Year Ending	2023 Estimated March	2023 Estimated December	2024	2025	2026	2027	2028	2029	2030	2031	2032	TOTAL
Tenant Base Rent												
Total Scheduled Base Rent	640,939	640,939	1,260,358	1,290,202	1,320,155	1,350,399	1,296,910	1,412,661	1,441,502	1,102,168	1,399,048	12,514,342
Property Taxes	(404,859)	(224,853)	(275,354)	(283,615)	(292,123)	(300,887)	(309,913)	(319,211)	(328,787)	(338,651)	(348,810)	
Utilities	(163,311)	(151,420)	(194,350)	(200,181)	(206,186)	(212,371)	(218,743)	(225,305)	(232,064)	(239,026)	(246,197)	
General Repairs and Maintenance	(92,607)	(108,892)	(138,471)	(142,625)	(146,904)	(151,311)	(155,850)	(160,526)	(165,342)	(170,302)	(175,411)	
Property Personnel Expenses	(51,837)	(51,004)	(90,886)	(93,613)	(96,421)	(99,314)	(102,293)	(105,362)	(108,523)	(111,778)	(115,132)	
Property Management Fees	(42,858)	(43,197)	(64,656)	(66,596)	(68,594)	(70,651)	(72,771)	(74,954)	(77,203)	(79,519)	(81,904)	
Other Administrative Expenses	(39,788)	(33,187)	(36,295)	(37,384)	(38,505)	(39,661)	(40,850)	(42,076)	(43,338)	(44,638)	(45,977)	
Property Insurance	(34,200)	(28,856)	(50,000)	(51,500)	(53,045)	(54,636)	(56,275)	(57,964)	(59,703)	(61,494)	(63,339)	
Landscaping and Grounds	(20,284)	(22,953)	(24,682)	(25,422)	(26,185)	(26,971)	(27,780)	(28,613)	(29,472)	(30,356)	(31,266)	
Safety and Security	(27,051)	(17,738)	(22,427)	(23,100)	(23,793)	(24,507)	(25,242)	(25,999)	(26,779)	(27,582)	(28,410)	
Operating Expenses	(876,795)	(682,100)	(897,121)	(924,035)	(951,756)	(980,308)	(1,009,718)	(1,040,009)	(1,071,209)	(1,103,346)	(1,136,446)	(9,796,047)
Recoverable Expenses	621,560	407,948	716,125	737,608	759,737	782,529	806,005	830,185	855,090	880,743	907,165	7,683,134
Tenant Improvements	(1,336,896)	(1,137,528)					(335,430)			(1,542,060)		
Leasing Commissions							(50,000)			(425,000)		
CapEx Reserve	(11,799)		(12,153)	(12,517)	(12,893)	(13,280)	(13,678)	(14,088)	(14,511)	(14,946)	(15,395)	
Total Leasing & Capital Costs	(1,348,695)	(1,137,528)	(12,153)	(12,517)	(12,893)	(13,280)	(399,108)	(14,088)	(14,511)	(1,982,006)	(15,395)	(3,613,479)
Additional Parking			(39,600)	(40,590)	(41,605)	(42,645)	(43,711)	(44,804)	(45,924)	(47,072)	(48,249)	
Professional Services	(99,875)	(113,094)										
Infrastructure	(248,487)	(364,670)										
Moving	(30,450)	(31,675)										
Contingency	(171,571)											
Access control and security		(2,975)	(12,000)	(12,360)	(12,731)	(13,113)	(13,506)	(13,911)	(14,329)	(14,758)	(15,201)	
COAERS Ownership Costs	(550,383)	(512,414)	(51,600)	(52,950)	(54,336)	(55,758)	(57,217)	(58,715)	(60,252)	(61,830)	(63,450)	(1,028,522)
Net COAERS Cash Flow	(1,513,374)	(1,283,155)	1,015,609	1,038,308	1,060,908	1,083,582	636,872	1,130,033	1,150,619	(1,164,271)	1,090,923	5,759,428
COAERS Base Rent (Savings)			507,774	523,007	538,697	554,858	571,504	588,649	606,308	624,497	643,232	5,158,525
Total Income + Rent Savings to COAERS												10,917,953

NOTES
 Tenant Leases assume six month vacancies at the expiration of current lease terms (2028, 2030, and 2031).
 Operating expenses for 2023 and the proposed 2024 OpEx budget provided by Riverside Resources. Recoverable expenses for 2025 and beyond are 70.89% of the total operating expenses reflecting a pro-rata distribution of those expenses.
 COAERS tenant improvement costs based on estimated construction completion costs. Expected expenditures are \$240,312 less than the approved budget.
 COAERS ownership costs include items specific to COAERS which are not recoverable expenses.
 Capital expenditure reserve is calculated at \$0.25 per square foot. COAERS base rent savings is calculated based on the expected costs of renting the 1st floor of the property.

**4700 Mueller Cash Flow Projections
With Roof Repair**

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Professional Services	(99,875)	(113,094)										
Infrastructure	(248,487)	(364,670)										
Moving	(30,450)	(31,675)										
Contingency	(171,571)											
Capital expenditure - roof repair		(220,000)										
Access control and security		(2,975)	(12,000)	(12,360)	(12,731)	(13,113)	(13,506)	(13,911)	(14,329)	(14,758)	(15,201)	
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 Capital expenditure reserve is calculated at \$0.25 per square foot. COAERS base rent savings is calculated based on the expected costs of renting the 1st floor of the property.

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



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 10: Investment Committee

A. Discuss and consider strategic policy rebalancing authority

AGENDA ITEM OBJECTIVE

The Board will consider the Fund's strategic positioning and a risk management rebalancing recommendation from Staff.

RELEVANCE TO STRATEGIC PLAN

This agenda item is central to COAERS Core Competencies: Prudent Investment Management. Fulfilling fiduciary duty within adopted process and stated goals ensures that appropriate consideration is given in the decision-making process.

RECOMMENDATION FOR BOARD ACTION

Staff recommends that the Board authorize a policy exception through the January 2024 Board meeting 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.

Staff further recommends that the Board approve the proposed funding implementation plan.

BACKGROUND

At its meeting in June 2023, the Board authorized a policy deviation through the September 21, 2023 Board meeting to allow Staff discretion to not rebalance the asset and underlying sub-asset classes for Fixed Income, Multi-Asset, and Cash & Equivalents for market drift and to allow Staff to rebalance between existing Cash & Equivalents mandates. At its September meeting, the Board reviewed the exception and authorized Staff to not rebalance the asset and underlying sub-asset classed for Fixed Income and Multi-Asset due to market drift and to rebalance the Fund for risk management within the strategic rebalancing ranges for Cash & Equivalents.

The Board directed Staff to report back at the December meeting and review with the Board the current strategic asset allocation and any related rebalancing decisions or recommendations. Given market dynamics and the ongoing discussions about the Fund's Strategic Asset Allocation, Staff will discuss its recommendation to extend



**BOARD MEETING
Agenda Item Information Sheet**

similar authorization until January 2024 Board meeting and to rebalance the Fund to capture some recent gains.

ATTACHMENTS

1. Staff Delegated Authority Request
2. Proposed Funding Implementation Plan (CONFIDENTIAL)



Staff Delegated Authority Request 2023-12

Fund Positioning in Strategic Bands:

The Fund is currently positioned with a heavy overweight to Cash & Equivalents (in the maximum strategic bands), and heavy underweights to Multi Asset and Fixed Income (in the minimum strategic bands). Global Equities and Real Assets are currently positioned near neutral (+/- 2%). This positioning in the Strategic Bands is reasonable in our view based on the following key points, among other considerations:

- Return expectations for Cash & Equivalent mandates are near to or above 5.5%, higher than in most Fixed Income strategies suggesting Cash & Equivalents offer a more attractive risk/return opportunity
- Shorter term correlations between Global Equities and Fixed Income remain high as bonds struggle to hedge equity risk

As such, we believe that the market dynamics have not changed enough to warrant a material change to the Board approved positioning in the strategic bands for Fixed Income and Cash & Equivalents. We would, however, note that current rebalancing policies restrict our ability to tweak fund positioning for Risk Management through rebalancing the Fund within these bands.

Board Authorization for Rebalancing:

At its meeting in September, the Board authorized a policy exception until the December meeting of the Board 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. Given these market dynamics and ongoing Investment Committee priorities, Staff believes it would be prudent to extend this same authorization through January 2024.

As such, Staff request that the Board approve a policy exception until the January 2024 meeting of the Board to allow Staff to:

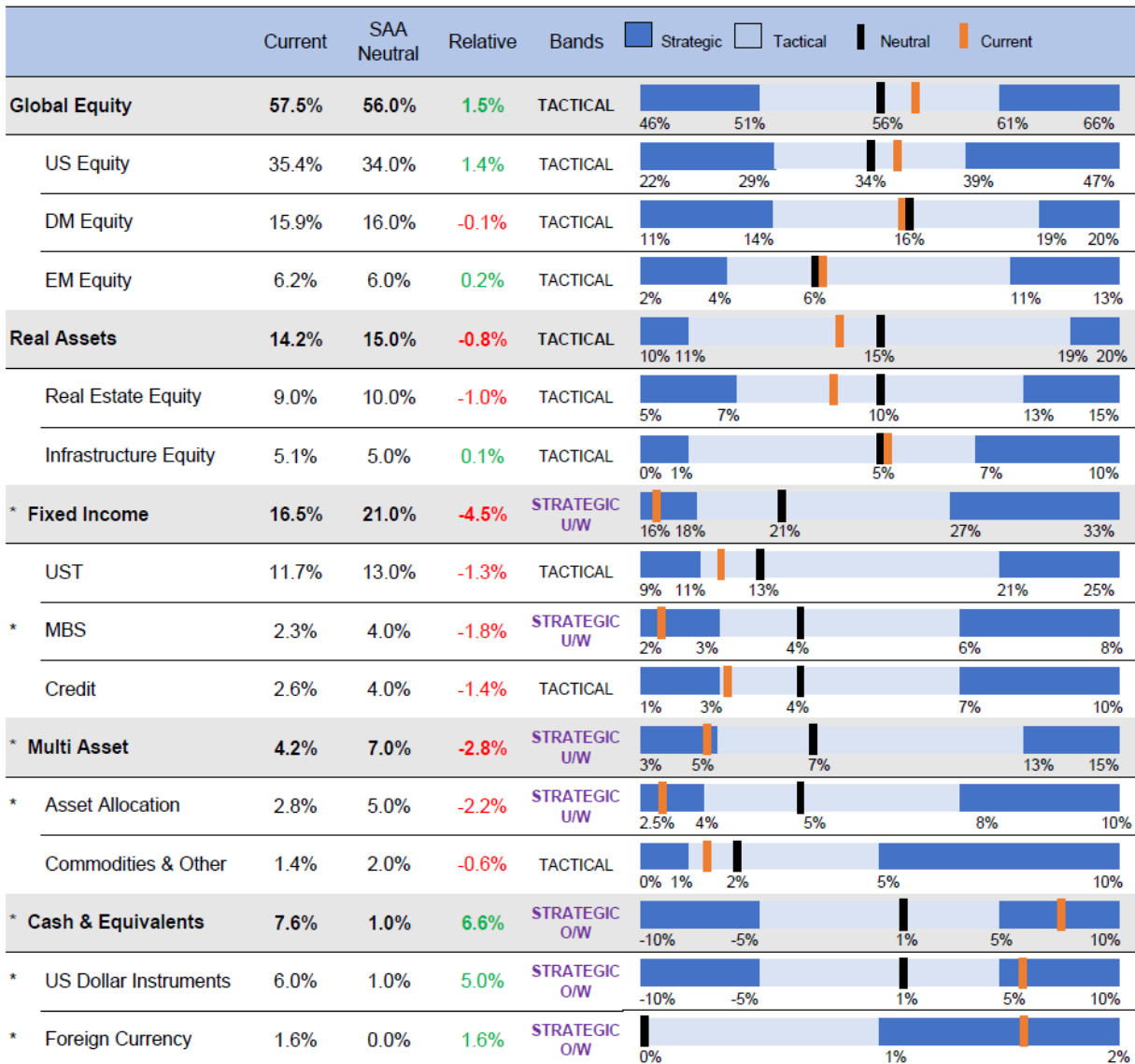
- (1) not rebalance the asset and underlying sub-asset classes for Fixed Income and Multi-Asset for market drift and
- (2) rebalance the Fund for Risk Management within the Strategic Rebalancing Ranges for Cash & Equivalents.

Staff note that this policy exception request does not include authority to move positioning into or out of the Strategic Rebalancing Ranges without prior Board approval. Additionally, Staff is required to provide notification in accordance with the timeframes specified in Board-approved policies should rebalancing for Risk Management occur. Staff will report on the status of this policy exception at regular Investment Committee meetings during its report of delegated authority.



COAERS Fund Positioning

as of November 30, 2023 - Preliminary



* Strategic Positioning Approved at September 21, 2023 Board Meeting

Based on best available data from BNYM

10B Discuss and consider Premier List for
Fixed Income



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 10: Investment Committee

B. Discuss and consider Premier List for Fixed Income

AGENDA ITEM OBJECTIVE

The Board will review proposed updates to the System's investment strategies and the status of the System's funded investment managers.

RELEVANCE TO STRATEGIC PLAN

This agenda item is part of the core competency set forth in the **COAERS Strategic Plan "Prudent Investment Management: Fulfilling fiduciary duty through monitoring performance within adopted process and stated goals."** Board review of the implementation of the investment program ensures that Trustees monitor the performance of the portfolio.

RECOMMENDATION FOR BOARD ACTION

The Investment Committee recommends that the Board approve the Premier List for Fixed Income. Staff further recommends that the Board approve the updated funding implementation plan as presented.

BACKGROUND

The Investment Implementation Policy (IIP) requires Staff to develop and maintain a Premier List of viable managers for potential inclusion within each allocation of the Fund. The IIP also requires the Premier List for each asset class to be reviewed with the Board via the Investment Committee.

At the November Committee meeting, a manager was recommended for addition to the Premier List to begin the implementation of the recently adopted Strategic Asset Allocation. Staff will lead a discussion of proposed changes to the Fixed Income Premier List.

ATTACHMENTS

1. Staff Investment Recommendation Memo and RVK Private Credit Pacing Analysis [CONFIDENTIAL]
2. Proposed COAERS Premier List [CONFIDENTIAL]
3. Proposed Updated Funding Implementation Plan [CONFIDENTIAL]

SUPPLEMENTAL INFORMATION PROVIDED VIA CONVENE APP

4. Staff Due Diligence Summary [CONFIDENTIAL]
5. RVK Due Diligence Memo [CONFIDENTIAL]
6. Staff Due Diligence Report [CONFIDENTIAL]
7. RVK Due Diligence Report [CONFIDENTIAL]

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



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 10: Investment Committee

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

AGENDA ITEM OBJECTIVE

This item is for the Board to review the Request for Proposal (RFP) for General Investment Consulting Services and Request for Information for Private Markets Consulting Services.

RELEVANCE TO STRATEGIC PLAN

This agenda item is central to **COAERS Strategic Plan Goal 4: Identify and implement leading practices in Board governance, pension administration, and investment management.** It is considered a best practice to periodically review major service providers, including consulting relationships.

RECOMMENDATION FOR COMMITTEE ACTION

The Investment Committee recommends that the Board approve the Request for Proposal for General Consulting Services and the Request for Information for Private Markets Consulting Services.

BACKGROUND

COAERS' contract with RVK, the Fund's General Investment Consultant, expires in June, 2024. With the recent addition of Private Credit to the Strategic Asset Allocation Staff believes this is a good opportunity to gather information regarding Private Markets consulting capabilities for both General Consultants and Private Markets specialist consultants.

ATTACHMENTS

1. Staff Memo
2. Components for a General Investment Consultant RFP
3. Components for a Private Markets Specialist Consultant RFI

SUPPLEMENTAL MATERIALS AVAILABLE ON CONVENE APP

4. Request for Proposal for General Investment Consultant
5. Request for Information for Private Markets Investment Consultant



General Consultant Request for Proposal Private Markets Consultant Request for Information

RVK, COAERS' General Consultant, was initially selected in 2017 for a three-year term. COAERS has subsequently signed two two-year extensions, the maximum allowed under the original contract. As such, it is incumbent upon the organization to seek bids and review services and pricing available in the marketplace prior to the expiration of the current contract on June 30, 2024.

Additionally, the COAERS Board recently approved a Strategic Asset Allocation which includes dedicated Private Markets exposures. This new addition to the portfolio requires a somewhat different set of consulting skills than those found only with General Consulting capabilities. As COAERS will be building a Private Markets program over the next several years, consideration should be given to a review of both a General Consultant's capabilities in Private Markets, as well as the services and capabilities of organizations that focus exclusively on Private Markets.

Staff recommends that COAERS issue a Request for Proposal (RFP) for General Consulting Services which will include high-level capabilities related to building a Private Markets program. These services include development of Policies and Procedures, Strategic Planning, Pricing Analysis, and education of Board and Staff.

As the research requirements for investment strategies and managers in Private Markets differ significantly from those in Public Markets, Staff believes that surveying the landscape for these capabilities through issuance of a Request for Information (RFI) for Private Markets Specialist Consultants is prudent at this time. Organizations providing General Consulting Services will also be encouraged to respond to this RFI.

Attached are the components of the recommended RFP and RFI. Once approved by the Board, Staff will incorporate these items into the appropriate documents for each. These components include:

Request for Proposal

1. Contract Term
2. Scope of Services
3. Schedule of Events
4. Consultant Pricing Matrix
5. Proposed Evaluation Criteria
6. Minimum Qualifications
7. Questions

Request for Information

1. Scope of Services
2. Schedule of Events
3. Questions

Staff recommends the Board approve these components and issuance of a Request for Proposal for General Investment Consulting Services and a Request for Information for Private Markets Investment Consultant.



———— CITY OF AUSTIN ————
EMPLOYEES' RETIREMENT SYSTEM

Request for Proposal

General Consulting Services

City of Austin Employees' Retirement System
6850 Austin Center Blvd, Suite 320
Austin, TX 78731
(512) 458-2551

Term of Contract

The services requested shall be provided for an initial term of three years and may be renewed for two additional two-year terms upon mutual agreement of the parties evidenced in writing.

Schedule of Events

The solicitation process for this RFP will proceed according to the following schedule:

RFP Approval	December 19, 2023
Issuance	January 2, 2024
Deadline to register as a Proposer	January 12, 2024
Deadline for Submission of Questions	January 12, 2024
Pre-Proposal Conference	January 19, 2024
Deadline for Submission of Proposals	February 9, 2024
Public Proposal Opening	February 12, 2024
Due Diligence Site Visits	April – May 2024
Committee Finalist Review	May 2024
Selection	June 2024
Contract Execution	July 1, 2024

Pricing Matrix

Provide your pricing information below and attach a sample contract as a separate exhibit as Section **XX** of your response. Prices should include all services in the scope of work and requirements in this RFP.

Performance-based fee structures will not be considered. List any additional services not listed in the fee proposal that would incur additional fees as special or other services. For any proposed renewal adjustments please be specific as to whether the increase would be a fixed dollar amount, a fixed percentage, or linked to a particular index.

PRICES WILL BE FIXED FOR THE INITIAL 5-YEAR TERM, AND THE TWO 2-YEAR RENEWAL TERMS IF EXERCISED MAY CONTAIN ADJUSTMENT(S).

Consulting Pricing Matrix	
Initial Term, Per Annum	\$
First Renewal Term, Per Annum	\$
Second Renewal Term, Per Annum	\$
Additional Services (if any, list in detail, per annum)	\$

Describe your organization's terms for consultant travel to the COAERS offices in Austin.

Provide additional services detail, assumptions, exclusions, proposed adjustments, and desired payment terms.

Proposal Evaluation Criteria

(a) COAERS may consider any and all information related to the Respondent and its Proposal.

(b) While cost will be an important consideration, COAERS is not required to award service engagements solely on the basis of quoted fees.

(c) COAERS also expects to consider a multitude of factors that will be evident to bidders from the questions contained in this RFP document, information provided during the pre-bid conference, and questions posed during the finalist selection process. Key factors that will be evaluated during this selection process to evaluate a Proposal in determining which Respondent provides the services at the best value for COAERS will include, but are not limited to:

- Dedication to exemplary standards of transparency, objectivity, and alignment
- Alignment of the firm's core investment beliefs with those of COAERS
- Transparency of organizational business activities and management of potential conflicts of interest
- Success in developing client-focused allocation strategies and portfolio design/structures
- Ability to assist in development of investment policies, reporting, strategic planning and pacing analysis for private markets investment activities
- Ability to adjust portfolio structures proactively amid evolving market conditions
- Ability to secure lower fees for clients through portfolio design and negotiation
- Portfolio risk management analytics, recommendations and strategies
- Investment performance of comparable clients after adjusting for key parameters
- Overall fee structure and portfolio efficiency of comparable public pension clients
- Ability to help Trustees and Staff discern major secular investment and economic trends
- Historical alpha of active managers selected by public pension clients
- Rigor and usefulness of performance analytics and performance reports
- Success in identifying managers with strong performance after selection by clients
- Professional reputation as evidenced by references, thought leadership, and other sources
- Success in timely eliminating unstable and underperforming managers
- Ability to strengthen, reinforce and challenge the CIO and investment staff in a collegial, professional manner
- Focus, reliability, responsiveness, and professionalism of client services team
- Industry thought leadership as evidenced by white papers or other forms of advocacy
- Depth of experience with the challenges facing public pension plans similar to COAERS
- Ability to communicate clearly and succinctly in both written and oral formats
- Client education, both at meetings and through sponsored events/conferences/symposia
- Proven ability to admit error or misjudgments and to make necessary adjustments
- Quality of relevant references for several different competencies described above
- Depth, expertise and track record of research teams/personnel
- Ability to quantify results and claims made in RFP responses and oral presentations
- Compliance with all the minimum required qualifications

(d) Staff will consider the extent to which the above criteria and all related claims are demonstrated, documented, and substantiated in the Proposal and subsequent presentations.

(e) Staff may qualitatively benchmark and/or provide nominal or ordinal ratings of certain responses that are strategic, tactical, or technical.

(f) While these data points may be considered by Trustees, there is no predetermined mechanical formula contemplated for weighing fees against other criteria.

Minimum Qualifications

The proposer must meet all of the following minimum qualifications to be given further consideration. Please state and explain any exceptions or lack thereof at the end of the document.

1. Be a registered investment advisor under the Investment Company Act of 1940.

YES NO

2. The firm must contractually agree to (i) serve as a fiduciary with respect to its services and (ii) defend, indemnify and hold harmless COAERS (and its indemnified parties) for claims, expenses, losses, damages, etc. related to acts or omissions by the firm that are not consistent with the fiduciary standard of care, breaches of representations and warranties, and material misrepresentations.

YES NO

3. The firm must carry, or be able and willing to obtain if selected, errors and omissions, fiduciary liability and general liability insurance in amounts reasonably competitive with other semi-finalists as identified in Section XXX of the RFP.

YES NO

4. The firm must have at least two U.S. public pension fund clients, each with assets in excess of one billion U.S. dollars as of December 31, 2023.

YES NO

5. As of December 31, 2023 have been in business for a minimum of five years providing services similar to those described in the Scope of Services section; if the firm has not been in business for at least five years, the senior principals of the firm must have at least ten years of experience with institutional clients at an investment consulting firm or with an institutional investor similar in nature to COAERS.

YES NO

6. The primary consultant assigned to the COAERS relationship must have a minimum of five years of client-facing experience providing investment consulting services to public and/or private pension fund plans, the last three years of which must have been with the present firm or team. At least one of those clients must be a public pension fund comparable to COAERS.

YES NO

7. Have provided similar investment consulting services, including asset liability modeling and asset allocation studies, to other public retirement systems of similar asset size to COAERS.

YES NO

8. The firm must maintain, or have unrestricted access to, a database of sufficient size and scope to complete the analysis of the returns of a significant number of investment funds by strategy, structure, size, geography, and type.

YES NO

9. Employ a professional team or department dedicated to investment manager research and analysis.

YES NO

10. The firm must be able to maintain a data processing interface with the System's custodian bank by electronic means (preferably an online connection).

YES NO

11. Disclose all conflicts of interest, all sources of revenue, and all affiliations related to, but not limited to, investment managers recommended by the firm both initially and on an ongoing basis.

YES NO

12. Respondent must warrant that all information and statements in this RFP are complete and true. Any statement or claim found to be incomplete, misleading or false will be grounds for immediate disqualification or dismissal and may be subject to legal action.

YES NO

The determinations of whether a Proposer satisfies the minimum qualifications is solely and exclusively within the judgment of Assigned Staff. Any proposal that does not demonstrate that the Proposer meets these minimum requirements by the deadline for submittal of proposals will be considered non-responsive and will not be eligible for award of the contract.

Scope of Services

COAERS is seeking the services described in this section. Note that this RFP is for non-discretionary full-service general investment consulting, including private markets strategic planning and analysis.

COAERS will consider only Proposals for the services described below. Responses submitted for other services such as an OCIO or discretionary consultant will not be considered.

COAERS is seeking the services of an investment consulting firm to provide independent, unbiased, proactive research, information, and advice to the Board and Staff in regard to the COAERS fund. The Board views the consultant(s) as an independent extension of Staff, and the optimal working relationship is a collaborative one with Staff and the Consultant working together to develop and implement policy.

The general responsibilities of the investment consulting firm include, but are not limited to:

2.1. ASSIST THE BOARD IN FULFILLING ITS FIDUCIARY OBLIGATIONS

- Provide services as a fiduciary and in accordance with all applicable federal and state laws and regulations as well as with all applicable professional codes and regulations.
- Provide unbiased, transparent, conflict-free advice and opinions to the Investment Committee on all investment recommendations.
- Assist in the development of strategic and tactical asset allocation recommendations which are approved by the Board.
- Assist in development of investment policies, reporting, strategic planning and pacing analysis for private markets investment activities.
- Conduct asset/liability studies every three to five years, or as needed with changes in benefit or funding policies, or significant deviations from actuarial assumptions (experience study), as a means to help gauge the long-term health of the plan and the desired investment strategies.
- Report in person to the Investment Committee and Board meetings and as otherwise needed on the status of the COAERS fund and its multi-period, net of fee performance.
- Assist in the development and amendment of investment related policies, procedures, guidelines, and performance measurement standards, including Private Markets, which will aid both the Board and Staff in developing the strategic objectives of the COAERS fund.
- Provide objective research, information, and advice on investment topics and strategies when requested by the Board or when considered relevant by the consultant or Staff.
- Prepare and conduct overview presentations or educational workshops on private markets sub-strategies that include a macro view of key managers, types of investments, trends, strategies, and key success factors.
- Monitor, evaluate, and communicate investment portfolio and manager performance as appropriate on an ongoing basis including written monthly and quarterly reports.

- Recommend to the Board and Staff the retention, additional investment in, redemption, or discharge of investment managers.

2.2. SUPPORT STAFF IN DEVELOPMENT AND IMPLEMENTATION OF STRATEGY

- Provide access to a robust suite of investment manager research and other such tools that are helpful in constructing portfolios and managing the COAERS fund.
- Conduct style factor analysis to support manager selection, portfolio construction and asset allocation decisions.
- Conduct risk budgeting analyses at the portfolio, asset class and fund level.
- Provide input on key implementation decisions related to carrying out the decisions of the Board.
- Respond quickly to requests for research reports or bespoke analysis.
- Conduct fee analysis to help Staff ascertain the best possible fee terms.
- Appraise Staff of ongoing developments in the portfolio related to markets, asset classes and/or investment managers.
- Collaborate with Staff on the due diligence of potential or existing investment managers.
- Deliver useful and informative written updates on economic and capital markets conditions at least monthly or more frequently as appropriate.
- Provide analysis and other support as required to assist in the production of the Annual Comprehensive Financial Report (ACFR).
- Support reconciliation of manager performance with fee invoices to ensure accuracy.

2.3. INVESTMENT POLICIES AND ASSET ALLOCATION STRUCTURE

- Work with Staff and actuary to understand the System's liabilities and prepare asset liability and asset allocation studies.
- Conduct an annual comprehensive review and analysis of the System's investment policies including the Strategic Asset Allocation and recommend changes, if appropriate.
- Assist in developing an appropriate investment management structure for the fund and each asset class, considering the role of active versus passive management, management styles, and the advisability of various management structures under differing market conditions.
- Provide assistance in analyzing the investment characteristics of available asset classes and the risk/return potential of alternative asset mixes.
- Provide information on new investment ideas and assess the application of these ideas with regard to the risk/return targets.
- Assist Staff with preparing an annual strategic plan for the COAERS' Private Markets portfolio, including a discussion of target sub-strategies and markets and long-term objectives for COAERS' Private Markets portfolio, risk management policies and procedures, pacing analysis and investment and asset management procedures.

2.4. MANAGER SELECTION AND MONITORING

- Assist in establishing appropriate qualitative and quantitative selection criteria for reviewing potential candidates and conducting manager searches.
- Provide monitoring and ongoing due diligence for the System's pre-approved list of managers on the Premier List.
- Identify and screen potential investment managers.
- Perform comprehensive due diligence including onsite investment and operational due diligence.
- Monitor and advise the Board and Staff of any compliance rule violations or other operational concerns related to existing managers.

2.5. PERFORMANCE EVALUATION AND ANALYSIS

- Facilitate the development and selection of appropriate performance benchmarks and policy benchmarks for each asset class and each manager.
- Provide timely, comprehensive quarterly performance analysis, attribution analysis, risk analysis and peer analysis of the individual managers, composites and total fund.
- Evaluate manager performance and consistency relative to peers, mandate, the investment guidelines and established benchmarks.
- Conduct ongoing discussions with managers on investment performance and organizational issues (such as changes in ownership, staff, new products, etc.).
- Assist in enhancing the existing manager review process and advise on manager surveillance, retention and termination.
- Help evaluate any underperformance or irregular performance of managers.

2.6. ATTENDANCE AT PERIODIC MEETINGS

- Attend Investment Committee (8 per year in Austin, Texas) and Board meetings (4 per year in Austin, Texas) to review performance, assess investment program and make recommendations. In addition, attendance is typically required for Board Workshops (1 per year in Austin, Texas).
- Meet with COAERS Staff, as needed, to provide information and investment insights/strategies and ensure completion of tasks. Most of this function is performed virtually.
- Assist Staff and the Investment Committee with education on various investment issues.



———— CITY OF AUSTIN ————
EMPLOYEES' RETIREMENT SYSTEM

Appendix A

General Investment Consultant Questionnaire and Document Request

City of Austin Employees' Retirement System
6850 Austin Center Blvd, Suite 320
Austin, TX 78731
(512) 458-2551
www.coaers.org/gic-rfp

EXECUTIVE SUMMARY

Please address the following items in five pages or less and include as part of your response to the RFP.

- I. Overview: Please summarize the key elements of your proposal including:
 - A. Your firm, its location, lines of business, number of employees in each area of investment consulting (including any OCIO activities), and institutional clients (total and all public pension plans);
 - B. A high-level summary of your fee proposal;
 - C. The consulting team that will work with COAERS, including biographies limited to a few sentences each and the number of other clients they serve; and
 - D. The top three reasons COAERS should retain your firm.

- II. Specialties, strengths, and limitations: Please summarize the following:
 - E. Your specialties, strengths and limitations in the areas of client interaction, research, asset allocation, investment strategy, efficient portfolio design, performance evaluation, and manager searches and monitoring;
 - F. Your philosophy and key policies regarding transparency, disclosure and communication with clients; and
 - G. The elements of your firm that you believe distinguish it most from its competitors.

- III. Key metrics: Please identify the following for the last three years:
 - H. Total number of research and consulting staff by each area;
 - I. The number of asset allocation and asset liability studies completed for public pension funds;
 - J. The number of investment manager searches completed by asset class; and
 - K. The number of operational due diligence reviews, by asset class.

SPECIFIC GENERAL INVESTMENT CONSULTANT CAPABILITIES

PLEASE CLEARLY LABEL ALL EXHIBITS THAT YOU PROVIDE WITH (1) SUFFIXES SUCH AS A-16, A-31 OR A-42 THAT ARE IDENTICAL TO THE APPLICABLE QUESTION NUMBER, AND (2) A SHORT TITLE SUCH AS “CODE OF CONDUCT” OR “RISK BUDGET MODEL” THAT IS READILY ASSOCIATED WITH THE QUESTION’S SUBJECT MATTER OR CONTENTS OF THE EXHIBIT.

ORGANIZATION

1. Please list your firm’s complete name, address, voice telephone and fax numbers. Include the name and title of your proposed primary consultant and the location from which the consulting work will be done.
2. Please provide a brief history of your firm and parent organization (if any) going back to inception. Describe any significant developments in your organization, such as changes in ownership, restructuring, or personnel reorganizations within the past five years. Please indicate the nature of any prospective changes your firm anticipates in its corporate structure, ownership, organization structure, leadership, location, or professional staffing.
3. Describe the ownership structure of your organization giving specific details with regard to your parent and any affiliated companies. Include an ownership organizational chart showing this structure. Show and describe the distinct lines of business of your firm and your parent (if any) which are in addition to your investment consulting line of business.
4. Is your firm, its parent, or affiliate a registered investment advisor with the SEC under the Investment Advisors Act of 1940? If not, what is your fiduciary classification?
5. Describe any circumstances specifically related to your investment consulting activities under which your firm, its officers, or employees receive direct or indirect compensation from investment managers.
6. Does your firm, its parent, or affiliate sell information, data or any other services to investment managers? If so, describe in detail.
7. Based on the criteria identified in Section XXX of the RFP, which three features in this Proposal are the most compelling reasons for COAERS to select you? Explain why.
8. Please describe your Firm’s financial stability, overall business objectives with respect to future growth, and provide the most recent audited financial statements. What portion of the Firm’s revenue (if any) is generated by each of the below sources (should equal 100%) for each of the last three year-ends?
 - a. Non-discretionary advisory services
 - b. Discretionary advisory services
 - c. OCIO services
 - d. Brokerage activity
 - e. Investment management organizations

f. Other sources (please specify)

9. Describe the firm's compensation arrangements for senior management, consultants and other professionals, including any incentive and other bonuses and how and for what they are awarded. What incentives are provided to attract and retain superior individuals and to ensure key professionals do not leave the firm either as a group or individually? Does staff participate in equity ownership? If ownership is not available, is there a specific arrangement for sharing in the profits earned by the enterprise? How does the firm tie client performance and satisfaction to a consultant's compensation?

CLIENTS

10. Please list the number of clients you serve within the following plan-type categories for each of the past three years:

Client Plan Type	2023	2022	2021
Retirement Systems in Texas			
Other Public Employee/Government			
Union/Taft-Hartley			
Corporate			
Endowment and Foundation			
Other			

11. Please list the number of clients you serve within the following size categories:

Client Size (total assets at market)	Number of Clients	Number of Public Plans
<\$1 billion		
\$1 billion to \$5 billion		
\$5 billion to \$20 billion		
\$20 billion to \$50 billion		
Over \$50 billion		

12. Please list the number of clients with portfolio-wide AUM over \$1 billion for these specific specialized consulting mandates:

Type of Relationship	Number of Clients
Real Estate	
Infrastructure	
Private Equity	
Private Credit	
Hedge Funds	
Other Alternatives	

Risk Management	
-----------------	--

PERSONNEL

13. Provide (in this response, not an exhibit) an organizational chart across all offices of the investment consulting portion of your firm's business. List the number of employees, professional and support, in each function and/or location. Please provide your employee breakdown:

Staffing Group	Number of Employees
Field Consultants	
Risk Management	
Performance Analysts	
Manager Selection	
Other Research	
Administrative and Support Staff	
Other	
Total	

14. For the Primary (P), Secondary (S), and Primary Backup (B) personnel assigned to the COAERS account:
- a. Provide the names, their titles, and their biographies including educational qualifications, professional affiliations, and their investment performance of pension plans, for which they provided consulting services. Disclose the office location to which they primarily are assigned. Also, provide additional information using the format below:

Role	Name	Title	Current # of Accounts Assigned, ex COAERS	Years with Firm	Years of Institutional Consulting Experience
P:					
S:					
B:					

- b. Provide client names, plan type (such as: Defined Benefit, Defined Contribution, Endowment, etc.), length of relationship, and asset size using the format below:

Role	Client Name	Plan Type	Length of Relationship (in years)	Client's Asset Size (\$M)
P:				

S:				
B:				

15. Describe the firm’s policy on changing staff assigned to a client. The COAERS contract will specify that the replacement of client-facing staff on the account will require our pre-approval. For which personnel including strategists will your engagement agreement provide “key person” rights for COAERS to cancel the engagement if the individual(s) terminates or suspends employment with you? Explain any “substitution policy” that would apply to the above personnel, and the limits you will impose on substitutions.
16. List senior staff hires and departures over the last three years, and for departures indicate the reason for termination or departure.
17. Across the firm, how many relationships on average does each consultant have? What is the maximum limit of relationship per consultant?
18. Please provide any other roles and responsibilities any consulting personnel hold within your parent organization, firm, and/or affiliates.

STANDARDS OF CONDUCT AND COMPLIANCE/REGULATORY MATTERS

19. Describe your compliance function and staffing. Describe your compliance processes as they relate to research personnel and your field consultants serving COAERS.
20. Does your firm have a written Code of Conduct, Ethics Policy and/or a set of standards for professional behavior? (Identify as an Exhibit Appendix.) If so, how are they monitored and enforced?
21. Does your firm follow the CFA Institute’s Code of Ethics & Standards of Professional Conduct? If so, how is employee compliance monitored?
22. How are consultants’ recommendations to clients reviewed and monitored by your organization for compliance? How does your firm maintain consistency in consultant recommendations while facilitating customization?
23. Within the last five years, has your organization or an officer or principal been involved in litigation or other legal proceedings relating to your business activities? If so, please provide an explanation and indicate the current status.
24. Other than broad industry sweeps, has the firm or any of its employees been investigated, disciplined or censured by any regulatory body in the past twenty years? If so, please describe.

ETHICAL PRACTICES AND CONFLICTS OF INTEREST

25. How does your firm identify and manage conflicts of interest? Are there any potential conflicts of interest issues your firm, affiliates or parent company would have in servicing COAERS? If so, please describe them.
26. Based on the list of investment managers (refer to the exhibits provided at www.coaers.org/gic-rfp) currently managing assets for COAERS, please disclose any business your firm, affiliates, or parent company does with any of our investment managers including funds sponsored by your firm that are sub-advised by them.
27. Under what circumstances are employees allowed to own stock or otherwise hold an economic interest in managers or funds the firm recommends?
28. Does your firm or any affiliates provide investment management, brokerage, trust or actuarial services? If yes, how does your firm protect against conflicts of interest? Would your organization notify a client of any apparent or potential conflict of interest, regardless of whether it was required by regulations?
29. What is your firm's policy on soft dollar payments? What percentage of your clients have soft dollar arrangements with your firm?
30. Describe any potential conflicts in your business model for public funds manager selection and oversight, and how you manage those.
31. Other than your own client-conference meals and multi-vendor-sponsored pension-conference meals, have you or anyone in your firm provided any gifts, travel and room expenses, entertainment or meals to any COAERS Trustee or Staff during the past twelve months? If yes, please describe the amount of any expenses and what they were for.
32. Are there any circumstances under which your firm or any individual in your firm receives compensation, finder's fees, soft dollars, direct or indirect services or any other benefit from investment managers or third parties? If yes, please describe in detail.
33. Does your firm maintain and enforce an ethics code that prohibits employees from front-running or leveraging client decisions for personal inurement? If so, describe the compliance process and provide an excerpt from your applicable policy.

INSURANCE, LIABILITY AND DISASTER RECOVERY

34. What limitation(s) on liability, if any, do you seek to secure through your proposed form of contract or engagement agreement? Be as specific as possible.
35. In light of your non-discretionary fiduciary responsibility to the fund, please describe the limits, provisions or requirements with respect to indemnification of COAERS on which

you would insist if your firm is engaged. If you have sample contract language, please provide it here or provide a copy as an Exhibit Appendix.

36. Please confirm that your organization maintains the insurance coverages required in Section XX of this RFP. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers by category, and their policy limits both aggregate and per client. Explain any issues you would have in obtaining such insurance or a rider at levels competitively comparable to coverage that would be offered by other finalists.
37. What client, investment-manager or employment-practice claims been made to or paid by your insurance carriers in the last five years? Provide an explanation and indicate the current status.
38. Describe your disaster recovery (DR) plan, capabilities and facilities. When did you last test your DR plans and what did you learn/fix?

RESEARCH CAPABILITY AND PROCESSES

39. Describe your firm's information technology capabilities and resources. Please list any 3rd party vendors that are used for critical processes in your general investment consulting practices.
40. Describe the firm's research organization and your division of labor. What is the process for identifying investment manager candidates, qualifying/vetting them, and providing manager research to your client's professional staff?
41. Other than databases you explain elsewhere, do you outsource or partner for any research function that would regularly be used in a COAERS relationship? If so, explain.
42. What ongoing metrics do you systematically maintain to measure useful post-hoc performance results of managers that your clients select and terminate? What are your capabilities and methodologies to evaluate quality of manager selection and/or errors in manager selection and de-selection?
43. Describe the manner in which external resources and sources of information are used in the research process. How does your firm integrate internal and external research? Outline your process for monitoring and reporting on market trends.
44. Do you provide any customized computer-based analytical tools or databases to your clients? Describe the services the firm provides clients over the Internet that would be available to COAERS.

INVESTMENT STRATEGY, ASSET ALLOCATION AND MODELING

45. Please review the COAERS Investment Policy Statement and Investment Implementation Policy and provide general thoughts, especially as it relates to asset allocation, manager selection process, and rebalancing.
46. Has your firm articulated a set of investment beliefs or other guiding principles that underpin its approach? If so, please provide a copy.
47. Please describe the firm's experience and capability for performing asset allocation and asset/liability studies for a defined benefit plan.
48. Describe your firm's view on risk budgeting. Have you created a risk budget model that is actually used by your clients? If so, please attach an Exhibit Appendix.
49. COAERS presently indexes a substantial portion of the portfolio, retaining active management for less efficient sectors such as international equity and domestic fixed income. What changes in these macro portfolio strategies would you recommend (e.g. more, less or different kinds of implementation, and where)? Explain your rationale.

PERFORMANCE ANALYTICS AND REPORTING

50. What databases and search/analytical engines do you routinely use for performance analysis and reporting?

The next five questions are optional for the incumbent consultant, and mandatory for all other respondents.

51. Describe the content and format of your firm's quarterly performance reports for the total fund, major asset classes, and individual investment managers. Provide a sample report for one of your firm's clients that is structured similarly to COAERS (cross-reference as an Exhibit Appendix).
52. Can these reports be customized to accommodate COAERS-specific information needs? Are there charges for these additional information requests? Within what time frames can these requested changes be implemented?
53. What is the anticipated turnaround time in calendar days for each performance report after COAERS' custodian submits individual and consolidated returns to your firm?
54. Describe your firm's source of comparable plan sponsor returns. Indicate the size (#'s and \$'s), composition (#'s and \$'s), and data compilation method.

55. Based on your review of the materials provided, describe what information COAERS does not currently receive in our consultant performance reports that you will provide as clear, useful improvements for both Staff and Trustees.

MANAGER SELECTION, MONITORING AND TERMINATION

56. What is the firm's fundamental view of active management? Do you believe that managers that can consistently add value over the long-term can be reliably identified in advance?
57. Please describe the firm's experience and capability for sourcing and conducting manager searches. Describe the firm's process from beginning to end. Include the resources the firm would use and the individuals that would be involved in the process.
58. Does your firm maintain a "top tier", "recommended list", "premier list" or other designation of managers and/or issue formal buy/sell recommendations? If so, describe the process by which managers are added to and removed from the respective lists. By what means is that information communicated to clients and how timely are the notifications?
59. Please discuss the firm's criteria for recommending an investment manager be placed on surveillance or probation, removed from probation/watch or terminated.
60. Does your firm maintain an in-house database of investment managers? If not, what vendor do you purchase the database from? How many managers are contained in the database? What asset classes are covered? Can clients access the database?
61. Please discuss the firm's criteria for recommending the selection of investment managers. Is there any unique information or process your firm uses that assists you in identifying managers that will perform well going forward, other than those that have performed well in the recent past? What evidence do you have of your ability to identify a superior investment manager? What reports will you present to COAERS to demonstrate whether managers sourced by your firm have added value?
62. Describe components of the operational due diligence (ODD) services you will perform in manager selections as a part of your base fee. Discuss your experience in performing operational due diligence and outline your resources and capabilities. Identify what you consider the 3-5 most important factors that cause you to reject an otherwise attractive manager. Do you outsource any ODD services? If so, to whom? What due diligence reports on prospective or incumbent managers will you provide to our Staff for confidential internal review?
63. If the Staff were to source one or more managers who are not familiar to your firm or already vetted, how would you go about providing independent due diligence for finalist firms if they become a CIO recommendation? Please provide guidance on limitations for

the number of managers on which you would be willing to provide independent due diligence in this fashion.

64. Please describe your process for monitoring a client's pre-existing managers. Will a client's pre-existing managers outside your client base be assigned to the research staff that normally covers that asset class for monitoring?
65. If you maintain an in-house manager database, do you sell it to third parties? How do you receive compensation? Do you provide clients with access to any such database?
66. Please explain your firm's strategy for client-level fee management and mitigation and suggest how you envision COAERS participating in your strategies.
67. Please provide examples of two written recommendations each 1) to hire an investment manager and 2) to terminate an investment mandate within the last 24 months.

Private Markets Capabilities

68. Please describe your firm's experience assisting organizations similar to COAERS with developing a Private Markets program. Please provide specific examples.
69. Is your organization willing to assist in training and supporting COAERS staff in building internal capabilities for private markets (both front and back office)? Please describe your experience and approach in doing so, and samples of associated educational materials.
70. Please describe your firm's process for development of investment policies, strategic plans and pacing analysis for private markets investment activities. Please provide specific examples.
71. How does your firm recommend modeling risk for private markets exposures? Please provide examples.
72. What are your organization's capabilities in private markets top-down research?
73. What are your organization's capabilities in private markets manager research?

OUTSOURCED CIO (OCIO) ACTIVITIES

The next 6 questions are required for all respondents with an OCIO business.

74. Describe the history, legal structure, and current scope of your firm's OCIO business including the inception date, the size (in terms of assets under management and/or advisement), and the number of personnel assigned.
75. What conflicts does your firm believe that the OCIO business creates with respect to the traditional consulting business? How does it manage those conflicts?
76. Does your firm sponsor investment vehicles aimed to help smaller clients aggregate their investments? If so, please list these and state the assets under management as well as the number of clients invested.
77. To what extent are performance fees used in your OCIO business? In your opinion does this create an incentive to favor performance-based clients over those who do not have such arrangements, and if so how is this conflict managed by your firm?
78. Describe any differences between the compensation of employees either partially or wholly employed by this line of business and the traditional consulting model.
79. Describe your firm's disclosure policy regarding the conflicts that arise in this business. Are potential conflicts disclosed out of an abundance of caution or must clients ask?



— CITY OF AUSTIN —
EMPLOYEES' RETIREMENT SYSTEM

Request for Information

Private Markets Consulting Services

City of Austin Employees' Retirement System
6850 Austin Center Blvd, Suite 320
Austin, TX 78731
(512) 458-2551

I. Scope of Work

The general scope of work for this mandate is to provide full-service non-discretionary professional investment consulting services for Private Markets. COAERS is in the nascent stages of building a Private Markets program, initially focused on Private Credit. Potential Private Credit strategies include direct lending, asset backed lending, distressed debt, mezzanine, specialty finance, and other areas of credit. COAERS anticipates that in time allocations will be made to private equity strategies including buyouts, growth capital, venture capital, and restructuring/turnaround investing. Other investment strategies that may be pursued on an opportunistic basis include co-investments, direct investments, secondary transactions, and other strategies that may fall under the Private Markets classification. Specifically, the successful firm must demonstrate superior experience and capability in the areas described below. The following are examples of the duties that COAERS is seeking:

A. Private Markets Portfolio Oversight Duties

1. Assist Staff with the review and implementation of asset class goals and objectives, asset allocation, cash flow forecasting, and investment pacing.
2. Assist Staff with preparing an annual strategic plan for the COAERS' Private Markets portfolio, including a discussion of target sub-strategies and markets and long-term objectives for COAERS' Private Markets portfolio, risk management policies and procedures, and investment and asset management procedures.
3. Provide on-going monitoring, reporting, and analysis of existing managers' portfolio attributes and characteristics, including monitoring changes in personnel, ownership, and the investment process.
4. Assist Staff with the creation, review and periodic updates to COAERS' Private Markets investment policies and procedures.
5. Prepare and conduct overview presentations or educational workshops on private markets sub-strategies that include a macro view of key managers, types of investments, trends, strategies, and key success factors.
6. Provide topical research and education on private market investment subjects that are relevant to COAERS.
7. Other tasks as requested by the Board or Staff consistent with the function served by the Private Markets Consultant(s).

B. Private Markets Investment Duties

1. Assist Staff in identifying and sourcing investment opportunities consistent with the Private Markets portfolio strategy and initiatives.
2. Evaluate investment opportunities, including meeting with investment managers and reviewing their qualifications and track records, key investment terms, and identifying any significant issues (including investment risks and concerns) and present Staff with a recommendation to commence due diligence.
3. Conduct full and independent operational due diligence for potential investments Staff designates as high priority opportunities likely to be presented to the Board. Due diligence should be performed in a timely manner and complete, written records of all due diligence

items and procedures should be maintained and provided to COAERS immediately upon request.

4. Provide Staff access to a database of private markets managers that includes data on investment strategies, firm organization, investors and performance; manager information should be available for a wide range of private markets strategies and for both domestic and international firms.
5. When requested by Staff, conduct a full due diligence review of potential investments (including, but not limited to commingled funds, co-investments, direct investments, and separately managed accounts). This may include opportunities which either cannot be scaled or will not be available to other clients.
6. Customize each review to address the pertinent issues concerning the particular investment opportunity and how it would fit within COAERS' existing and prospective portfolio.
7. Conduct due diligence procedures to include but not be limited to: reviewing the investment manager's investment strategy and organizational resources for the successful execution of the strategy; evaluating the quality, depth, and stability of the investment manager's team, including conducting interviews with the key principals; assessing the investment manager's investment sourcing, due diligence, structuring, value-add, monitoring, and reporting capabilities; reviewing and evaluating the investment manager's compensation and incentive structure as well as economic commitment to the investment fund; visiting and touring the investment manager's key offices; reviewing relevant documents, including offering materials, the fund agreement, and financial statements; requesting and reviewing other information, supplied in writing, relevant to the investment review that might otherwise not be provided by the investment manager, such as data supporting portfolio valuations, investment performance, and relevant investment experience; analyzing and independently verifying investment performance and track record; conducting extensive third party due diligence, including reference checks on key principals and interviews with prior and present investors and former employees; interviewing senior executives of past portfolio companies to gauge their assessment of the investment manager's strengths and weaknesses; comparing the investment merits and concerns of the investment opportunity with relevant alternatives to determine whether COAERS is investing in the best available opportunity; reviewing and evaluating the proposed terms, conditions and structure of the investment opportunity, and identifying, if appropriate, any terms or provisions that can or should be improved; and maintaining complete, written records of all due diligence items and procedures.
8. When requested by Staff, prepare and furnish to Staff a written investment report that includes an investable/not investable designation and documents the results of the due diligence review, which shall contain a summary of the proposed investment and describe: the general partner's background, track record, and organization; the proposed investment strategy; the terms of the investment; the expected rate of return; the merits of the investment; any issues and concerns surrounding the investment and how they might be resolved; issues and provisions that should be subject to negotiation; and appropriateness of the investment for COAERS, potentially in a short time window.
9. When requested, assist COAERS Staff in developing and refining due diligence processes for analyzing prospective investment opportunities.

10. When requested, advise COAERS Staff on the key business terms of investment opportunities and assist with terms negotiations, both for initial investments as well as proposed amendments to partnership agreements.
11. When requested, assist in training of Staff in the process of screening , evaluating, performing investment and operational due diligence, analyzing and reporting on private markets investments.

C. Performance Measurement Duties:

1. Present investment performance results, including all relevant metrics, to Staff quarterly and when requested, to include:
 - a. Total private markets portfolio relative to policy benchmark and peers,
 - b. Each sub-asset class relative to appropriate benchmarks and peers, and
 - c. Each investment relative to appropriate benchmarks and peers.
2. Respond to questions from the external auditor and actuary, as necessary.
3. Provide benchmark evaluation, implementation, and analysis.
4. Conduct asset value, performance, and cash flow reconciliations with COAERS' reporting consultant, custodian, and Staff, as necessary.
5. Provide access to portfolio management software (or cloud-based equivalents).

D. Ad Hoc Duties:

1. Attend Investment Committee (8 per year in Austin, Texas) and Board meetings (4 per year in Austin, Texas) to review performance, assess investment program and make recommendations. In addition, attendance is typically required for Board Workshops (1 per year in Austin, Texas).
2. Meet with COAERS Staff, as needed, to provide information and investment insights/strategies and assure completion of tasks. Most of this function is performed virtually.
3. Assist Staff and the Investment Committee with education on various investment issues.
4. Provide strategic direction and evaluation of COAERS' investment decisions and their implementation.
5. Undertake a strategic portfolio review at least annually.
6. Assist on special projects, as needed.
7. Participate in ad hoc workshops on specific issues designated by Staff.
8. Respond to inquiries from Staff in an appropriate and timely manner.
9. Report any significant changes in the firm's organizational structure and staffing in a timely manner.
10. Make no changes in the assigned consultant team without COAERS' approval.
11. Perform any and all other services which may be required by COAERS to ensure a successful private markets program.

Schedule of Events

The solicitation process for this RFI will proceed according to the following schedule:

RFI Approval	December 19, 2023
Issuance	January 9, 2024
Deadline to register as a Respondent	January 19, 2024
Deadline for Submission of Questions	January 19, 2024
Deadline for Submission of Responses	February 16, 2024

Appendix A

COAERS is in the nascent stages of building a Private Markets program, with the expectation that in time allocations will be made to Private Credit, Private Equity, Venture Capital and other Private Markets strategies. Please provide answers to the following questions:

1. Please provide an overview of your firm's history and experience in private markets.
2. Please describe the ownership structure of your organization.
3. Please describe the business structure of your organization, outlining parent company and all subsidiaries, including where the consulting business with which COAERS might engage falls in this structure.
4. Please confirm your organization will serve in a fiduciary capacity to COAERS.
5. Describe your organization's experience in assisting funds of COAERS size in building a program from the start.
6. Please describe a typical consulting engagement for a fund similar to COAERS.
7. Review the Scope of Services in Section II, and provide a narrative demonstrating your firm's ability to provide the services requested and, where applicable, disclose where your firm would not be able to provide the services in Section 3F. Feel free to list other services your organization provides.
8. Please provide a comprehensive fee schedule, identifying all services included. If your organization offers an "a la carte" pricing menu for services, please include.
9. Will your organization consider scaling fees as the program develops?
10. Does this fee schedule include in-person attendance at Investment Committee and Board Meetings and associated travel costs? Please identify any additional costs COAERS may incur if your organization is chosen.
11. Please identify the team that will be assigned to COAERS account, including:
 - A. Years with your organization
 - B. Years of experience in Private Markets
 - C. Years of experience in institutional investing
 - D. Years of experience consulting to Institutional Investors in Private Markets
12. Does your organization maintain its own database of private markets managers and funds?
 - A. If not, what database(s) are used?
 - B. Do clients have access to the database(s) used by the organization? Is there an additional charge for this access?
 - C. Does your organization have access to, and permit client access to, a comprehensive database of past, current, and expected future opportunities across different sectors of private markets?
 - D. Do these databases have access to extensive performance information to evaluate funds under consideration relative to similar types of managers?
 - E. Please describe the information maintained in these databases (i.e., breadth, time series, performance, information maintained on managers, etc.)
 - F. How is manager information entered into the database?
13. Please complete the table in Schedule A.

14. What additional resources will be dedicated or available to COAERS?
15. Does your organization provide OCIO, Fund of Funds, or similar services?
- If yes, please detail what services are available.
 - Please address conflicts of interest between your non-discretionary consulting services and your other businesses.
 - How does your firm allocate limited capacity deals across its various platforms and clients?
16. Does your firm sponsor investment vehicles aimed to help smaller clients aggregate their investments? If so, please list these and state the assets under management as well as the number of clients invested.
17. To what extent are performance fees used in your OCIO business, Fund of Funds, or similar services? In your opinion does this create an incentive to favor performance-based clients over those who do not have such arrangements, and if so how is this conflict managed by your firm?
18. Please identify your organization's capabilities in the following areas:
- Private Credit
 - Private Equity
 - Venture Capital
 - Real Estate
 - Infrastructure
 - Fund of Funds
 - Secondaries
19. Please list the number of clients with portfolio-wide AUM over \$1 billion for these specific specialized consulting mandates:

Type of Relationship	Number of Clients
Real Estate	
Infrastructure	
Private Equity	
Private Credit	
Venture Capital	
Secondaries	
Hedge Funds	
Other Alternatives	

20. Please identify your organization's experience and capabilities in performing Operational Due Diligence on private markets managers.
21. Is your organization willing to assist in training and supporting COAERS staff in building internal capabilities for private markets (both front and back office)? Please describe your experience and approach in doing so, and samples of associated educational materials.

22. Please provide samples of Investment Committee and Board reports.
23. Please identify if and how your organization can assist COAERS in the following areas:
 - A. Educating Board and Staff on Private Markets
 - B. Development of policy decisions
 - C. Development of an appropriate governance structure, including development of decision making framework and delegation(s) of authority
 - D. Constructing an appropriate internal due diligence process
 - E. Record keeping and administration of private market investments
 - F. Performance measurement
 - G. Development of strategic plans for the asset class(es)
 - H. Development of investment policy for the asset class(es)
 - I. Pricing analysis
 - J. Sourcing, performing due diligence, recommending, and executing investment opportunities
24. Does your organization share legal and other administrative expenses across clients? How are these allocated?
25. Does your organization provide market information and insights in different sectors of private markets? Please provide a sample report.
26. Are you able to educate the Board and assist in development of public disclosure policies and reporting?
27. Is your organization willing to evaluate and perform due diligence on opportunities that cannot be scaled across other clients? Provide examples.
28. Please provide three client references, including at least one from each of the following categories:
 - A. A client for whom your organization assisted in building a private markets program
 - B. A client of similar size to COAERS
 - C. A client for whom your organization assisted in setting up a Private Markets program
29. Please provide a sample contract for a private markets consulting engagement.

Schedule A

	Private Credit	Private Equity	Venture Capital	Fund of Funds	Real Estate	Infrastructure	Secondaries
# of employees dedicated to each							
# of managers in database							
# of funds in database							
Earliest vintage year in database							
Most recent vintage year in database							
# of SMAs monitored on behalf of clients							
For the three year period ended 12/31/2023:							
# of funds recommended							
# of onsite manager meetings							
# of manager due diligence reports							
# of operational due diligence reports							
# of direct investments reviewed on behalf of clients							
# of co-investments reviewed on behalf of clients							
# of direct investments executed on behalf of clients							
# of co-investments executed on behalf of clients							
# of first or second funds recommended to clients							
# of unique opportunities where only one or a few clients had access							

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

Presented by Christopher Hanson



COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 11:

Receive report from Executive Director on the following matters:

- A. 2024 Board and Committee calendar

AGENDA ITEM OBJECTIVE

The objective of the agenda item is for the Executive Director to discuss possible 2024 Board and Committee meeting dates. The Executive Director will also review with the Board any feedback provided by Trustees in advance of the meeting.

RECOMMENDATION FOR BOARD ACTION

At the Board's discretion.

ATTACHMENT

1. Draft 2024 Board and Committee calendar

2024 Draft Board and Committee Calendar

2024 Draft Board Calendar

January						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

March						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

July						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			


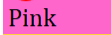
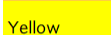



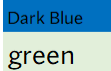
August						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

October						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

November						
S	M	T	W	T	F	S
				1	2	
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

December						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

-  COAERS or city holiday
-  IC
-  Non IC
-  Full Board
-  Workshop
-  Member Meeting
-  site visit week

2024 Draft Board and Committee Calendar

Thursday, January 18, 2024 – 10 am

Investment Committee

Tuesday, January 30, 2024 – 10 am

Full Board Meeting

Thursday, February 22, 2024 – 10 am

Investment Committee

Thursday, March 7, 2024 – times tbd

Audit and Risk Committee

Benefits and Services Committee

Governance and HR Committee

Policy Committee

Thursday, March 28, 2024 – 10 am

Full Board

Thursday, April 11, 2024 – 10 am

Investment Committee

Week of April 29-May 3 TBD*IC Due Diligence Travel***Thursday, May 23, 2024 – 10 am**

Investment Committee

Thursday, June 13, 2024 – times tbd

Audit and Risk Committee

Benefits and Services Committee

Legislative Committee

Thursday, June 27, 2024 10 am

Full Board

Thursday, July 25, 2024 – evening time tbd

Full Board (Member Meeting)

Thursday, August 22, 2024 – 10 am

Investment Committee

Thursday, August 29, 2024 times tbd

Audit and Risk Committee

Benefits and Services Committee

Governance and HR Committee

Policy Committee

Thursday, September 19, 2024 – 10 am

Full Board

Monday & Tuesday October 14-15, 2024

Full Board (Workshop)

Thursday, November 14, 2024 times tbd

Full Board (ED Evaluation)

Audit and Risk Committee

Benefits and Services Committee

Governance and HR Committee

Legislative Committee

Policy Committee

Thursday, November 21, 2024 – 10 am

Investment Committee

Tuesday, December 17, 2024 – 10 am

Full Board



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 11:

Receive report from Executive Director on the following matters

B. Call for nominations of Chair and Vice-Chair

AGENDA ITEM OBJECTIVE

The objective of the agenda item is for the Executive Director to provide notice to the Board regarding the call for nominations for Chair and Vice-Chair for the Board in 2023.

RECOMMENDATION FOR BOARD ACTION

For informational purposes only; no action required.

BACKGROUND

In accordance with the Board Bylaws, Staff will notify Trustees when nominations are open for the Board Chair and Vice-Chair positions for 2024. The Board will meet in January and at that meeting, the Board will elect the Chair and Vice-Chair for 2024.

Nominations for Chair and Vice Chair will be due no later than two weeks prior to the date of the January Board meeting. If the January 2024 meeting is January 30, then nominations will be due January 16. Trustees may self-nominate or nominate a fellow Trustee for either position. The table below lists all Trustees and their eligibility for the Chair and Vice-Chair positions.

Trustee Name	Eligible for Chair and/or Vice-Chair
Michael Benson	Chair and Vice-Chair
Kelly Crook	Chair and Vice-Chair
Michael Granof	Chair and Vice-Chair
Dick Lavine	Chair and Vice-Chair
Yuejiao Liu	Chair and Vice-Chair
Chris Noak	Chair and Vice-Chair
Leslie Pool	Chair and Vice-Chair
Anthony Ross	Chair and Vice-Chair
Brad Sinclair	Chair and Vice-Chair
Diana Thomas	Chair and Vice-Chair
(New member not yet named)	Chair and Vice-Chair

All nominated Trustees will be notified and can prepare a written statement to the Board to be included in the January meeting materials. Trustees also may provide a statement at the January meeting. Trustees may decline the nomination at any point prior to the Board vote in January.



BOARD MEETING Agenda Item Information Sheet

AGENDA ITEM 11:

Receive report from Executive Director on the following matters:

C. MET report and upcoming educational programs/conferences

AGENDA ITEM OBJECTIVE

The objective of the agenda item is for the Executive Director to provide the Board a report on upcoming educational programs and conferences.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

This agenda item also aligns with one of the five core competencies established in the COAERS Strategic Plan: “**Education:** *Promoting educational opportunities that enhance knowledge and develop appropriate skill sets for Trustees, Staff, and customers.*”

RECOMMENDATION FOR BOARD ACTION

For informational purposes only; no action required.

BACKGROUND

The Executive Director will review the current report on compliance with the Pension Review Board’s Minimum Educational Training requirements, as well as upcoming education and professional development opportunities.

ATTACHMENTS

1. COAERS 2023 MET report
2. Upcoming Educational Programs and Conferences



COAERS 2023 MET Report

The following report provides information on COAERS Trustee and administrator progress in completing the Pension Review Board (PRB) training requirements. The report does not include courses that have been registered for but not yet taken or reported.

Accredited Sponsor

COAERS obtained approval to be renewed for four more years as an accredited sponsor of both Core and Continuing Education MET activities, meaning that in-house trainings will continue to be counted toward PRB requirements.

PRB Terms

COAERS does not have any Trustees in the first-year cycle. All eleven Trustees have completed their current cycles. Several Trustees have registered for in-person or virtual training for 2024.

Core MET Requirements

New Trustees and administrators are required to receive a minimum of seven hours of training in the “core” topic areas of: fiduciary, governance, ethics, investments, actuarial, benefits administration, and risk management. The seven hours of “core” training must include every topic area and training in each topic area and must be at least 0.5 hours and not more than 2 hours.

Continuing Education MET Requirements

After the “core” training cycle ends, Trustees and administrators are required to complete a minimum of four hours of training every two years. “Continuing education” training may be in the “core” topic areas, as well as “non-core” topic areas such as: compliance, legal and regulatory, pension, accounting, custodial issues, plan administration, Texas Open Meetings, and Texas Public Information Acts.



COAERS 2023 MET Report

Continuing Ed Training 2-year cycle Cycles are PRB terms, not the full range of Board elections/assignments	Core	Non-core	Total	Completed
M. Benson 01/01/2023-01/01/2025		7	7	√
Kelly Crook 08/30/2022-08/30/2024	1.5	1875	20.25	√
C. Hanson 01/01/2023-01/01/2025	6.75	40.25	47	√
A. Hunter 01/30/2023-01/30/2025		19.5	19.5	√
Y. Liu 01/01/2023-01/01/2025		59.5	59.5	√
C. Noak 01/01/2023-01/01/2025		6.75	6.75	√
L. Pool 02/21/2022-02/21/2024		10.25	20.25	√
A. Ross 01/01/2023-01/01/2025	1.5	45.5	47	√
Brad Sinclair 01/01/2022-01/01/2024	1.5	98.25	99.75	√
Diana Thomas 03/24/2022-03/24/2024	1.5	3.75	5.25	√
Dick Lavine 01/01/2023-01/01/2025		6.25	6.25	√
Michael Granof 01/19/2023-01/19/2025		8	8	√
Core Training 1-year cycle	Core	Non-core	Total	Completed
No Trustees are in the first-year cycle				

Diana Thomas also attended NCPERS Fall Conference (travel not through COAERS); hours not reported.



Upcoming Educational Programs and Conferences

This page contains links with information on upcoming conferences and educational programs. Noted programs are pre-approved for meeting either core or continuing education requirements from the PRB. Staff can request credit in advance from the PRB for trainings not pre-qualified. If you have any questions or need any additional information, please contact Sarah McCleary.

- COAERS internal training
 - [Assessing Global Equities Education 8.26.22](#)
 - [Fixed Income Education 8.4.22](#)
 - [Investments – AL Study Discussion 8 26 22](#)
 - [Investments – Functional Portfolios 4.21.23](#)
 - [Investments – Private Investments 4.21.23](#)
 - [Investments – Functionally Focused Portfolios 5.19.23](#)

- [CAIA Association Fundamental of Alternative Investments](#) (self-study)(pre-approved for PRB)

- [CFA Institute](#)
 - [Investment Foundations](#) – (self-study, approximately 60 hours)
 - [Private Markets and Alternative Investments Certificate](#) (self-study, approximately 70-90 hours)

- [IFEBP](#)
 - December 7, 2023, AI, Your Organization and You (virtual)
 - February 10-11, 2024, Trustee Institute Level 2: Concepts in Practice – Orlando, FL
 - February 12-14, 2024, New Trustee Institute Level 1: Core Concepts – Orlando, FL
 - February 12-14, 2024, Advanced Trustees and Administrators Institute – Orlando, FL
 - March 6-7, 2024, Investments Institute – Rancho Mirage, CA
 - March 8-9, 2024, Investment Basics – Scottsdale, AZ
 - May 6-7, 2024, Washington Legislative Update – Washington, DC
 - June 22-23, Trustees Institute Level II: Concepts in Practice – Las Vegas, NV

- June 24-26, Advanced Trustees and Administrators Institute – Las Vegas, NV
- June 24-26, 2024 New Trustees Institute Level 1: Core Concepts – Las Vegas, NV
- IFEBP/Wharton Portfolio Concepts and Management – Exact Date tbd (May?)
- IFEBP/Wharton Alternative Investment Strategies – Exact Date tbd (July?)

- [NACD](#)
 - Virtual Director Professionalism (online)
 - Cyber Risk Oversight Certificate - helping governance professionals understand how to identify cybersecurity threats and provide oversight of critical digital assets (online)
 - Director Proficiency: Financial Oversight (online)
 - Director Essential Series (online)

- [NASRA](#)
 - February 24-26, 2024, Winter Meeting – Washington, DC
 - August 3-7, 2024, Annual Conference – Pittsburgh, PA

- [NCPERS](#) (pre-approved for PRB, Continuing Education only)
 - January 22-24, 2024, Legislative Conference – Washington, DC
 - May 19-22, 2024, Annual Conference and Exhibition (ACE) – Seattle, WA
 - May 18-19, 2024, Trustee Educational Seminar (TEDS) – Seattle, WA
 - May 18-19, 2024, NCPERS Accredited Fiduciary (NAF) Program – Seattle, WA

- [HBS](#)

- [Pension Review Board online trainings](#): (all count toward PRB training requirements)
 - *Risk Management (45 min); Risk Management (1 hr); Ethics (45 min); Governance (45 min); Actuarial matters (1.5 hrs); Fiduciary Matters (1 hr) and Investments (1.5 hrs)*

Recommended Reading:

- *The Future of Pension Management* – Keith P. Ambachtsheer
- *Investment Beliefs: A Positive Approach to Institutional Investing* – K. Koedijk
- *Achieving Investment Excellence: A Practical Guide for Trustees of Pension Funds, Endowments and Foundations* – K. Koedijk

- *Winning at the Loser's Game* – Charles D. Ellis
- *Think Again* – Adam Grant

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

Presented by Yuejiao Liu, Chair

13. Review key meeting takeaways and call for future agenda items

Presented by Yuejiao Liu, Chair

AGENDA ITEM 13:

Receive key meeting takeaways and call for future agenda items

AGENDA ITEM OBJECTIVE

The objectives of the agenda item are to ensure Trustees and Staff have a mutual understanding of any decisions from this meeting, Trustees and Staff have a chance to clarify any direction requested during the meeting, and Trustees can request items for future meeting agendas.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and Implement Best Practices in Board governance, pension administration, and investment management**. It is an industry best practice to review key meeting takeaways to summarize what was accomplished at the meeting as well as ensure Staff has clear direction on further work and future agenda items.

RECOMMENDATION FOR BOARD ACTION

Trustees will review key meeting takeaways and provide any additional direction to Staff.