



CITY OF AUSTIN
EMPLOYEES' RETIREMENT SYSTEM

Investment Committee

MINUTES

Meeting held in person

4700 Mueller Blvd., Austin TX 78723

Thursday, May 23, 2024 10:00 AM — 12:00 PM CDT

Committee Member

Present/(Absent)

Ed Van Eenoo, Committee
Chair
Michael Granof
Dick Lavine
Brad Sinclair
Diana Thomas

Other Board Trustees

Present/(Absent)

Michael Benson
Kelly Crook
(Yuejiao Liu)
Chris Noak
(Leslie Pool)
(Anthony Ross)

Others Present

Staff:

Christopher Hanson
David Kushner
David Stafford
Ty Sorrel
Kelly Doggett
Sarah McCleary
Russell Nash
Jenni Bonds

Guests:

Spencer Hunter, RVK
Ian Bray, RVK
Deron Henry, General Counsel

1 Call roll of Committee members

Committee Chair Van Eenoo called the meeting to order at 10:00 a.m. The following Committee members were present in person: Van Eenoo, Granof, Lavine, Sinclair, and Thomas.

2 Review order of business and establish meeting objectives

Committee Chair Van Eenoo referred Trustees to the order of business and meeting objectives. No changes were made to the order of business.

Mr. Benson arrived at 10:02 a.m.

3 Receive public comments

Committee Chair Van Eenoo asked if any members of the public wished to speak, either now or during an agenda item. There were no comments.

4 Consider approval of the April 11, 2024 Investment Committee minutes

Committee Chair Van Eenoo asked the Committee to review the Investment Committee minutes. Mr. Brad Sinclair moved approval of the April 11, 2024 Investment Committee minutes. Mr. Michael Granof seconded. The motion passed unanimously.

5 Receive reports on first quarter investment performance and capital markets, including strategy and compliance

Mr. Spencer Hunter of RVK presented new top-line reports as requested. He noted that in the first quarter, risk assets built on their performance amid a resilient economy and strong labor market despite rising uncertainty regarding the timing of future monetary policy changes and elevated geopolitical tensions. The total fund returned 4.2% net of fees during the quarter, matching the policy benchmark. US Equity was the best performing asset class on an absolute basis, net of fees.

6 Discuss and consider Real Assets asset class including strategic asset allocation, benchmarking, and asset class review

Mr. Hunter explained to Trustees that Real Assets is a not an investable asset class; it is a combination of real estate and infrastructure, both private and public investments. Mr. Hunter explained that in order to simplify the structure of Real Assets for the purposes of the investment policy, instead of having targets at the sub-asset class level, RVK's recommendation is to have one target at the Real Assets level. Mr. Hunter also stated that RVK recommends having the benchmark be a weighted average of the underlying benchmarks to the exposures COAERS will ultimately have. In the current case, it would be a weighted average of the real estate benchmark and the infrastructure benchmark.

Mr. Hunter also reported a recommendation of moving toward private markets exposures for both real estate and infrastructure, given that many of the public exposures already exist in the global equity portfolio.

Ms. Diana Thomas moved to refer to the Board for approval the proposed Real Assets, Real Estate, and Infrastructure recommendations as noted in the RVK Executive Summary memo. Mr. Sinclair seconded, and the motion passed unanimously.

7 Discuss and consider Fixed Income asset class and policy guidelines

Mr. Hunter led the discussion on the Fixed Income asset class. Mr. Hunter reported that private credit is currently housed under the fixed income portfolio. He walked through the current portfolio, a few options going forward, and the risk-return profiles of the options. Mr. Hunter outlined potential changes to the fixed income portfolio with an initial restructuring with a hybrid approach that includes hiring an active core fixed income manager to serve as the portfolio anchor, and second step which could include the possibility of adding an active core plus fixed income manager to access non-benchmark exposures.

Mr. Lavine moved to refer to the Board for approval the proposed Fixed Income asset class recommendation as noted in the RVK Executive Summary memo. Ms. Thomas seconded, and the motion passed unanimously.

8 Discuss and consider request for proposal for COAERS general investment consultant

Committee Chair Van Eenoo reviewed with the Committee the site visit process of the RFP and reported that the three Trustees and two Staff visited four general investment consulting firms, and met twice after that to discuss and score the firms. He added that after applying the approved scoring methodology, three finalists emerged. Mr. Lavine moved to approve the COAERS Site Visit Team recommendation and have firms Gamma, Delta, and Epsilon present as finalists for Board Consideration at the June 27 Board meeting. Mr. Van Eenoo seconded, and the motion passed unanimously.

9 Review key meeting takeaways and call for future agenda items

Committee Chair Van Eenoo noted that the Work Plan included discussion of the investment manager selection process (Premier List) at the May meeting but this item will be postponed until a later date due to the demands of the site visit trip.

As there were no further items to address, the meeting adjourned at 11:24 a.m.

These minutes were approved at the August 22, 2024 meeting.