



Public Meeting held in person and videoconference  
on November 17, 2023 10:00 AM CT

Pursuant to Texas Govt. Code 551.127  
6850 Austin Center Blvd., Suite 320, Austin, TX 78731

**Committee Member  
Present/(Absent)**

Yuejiao Liu, Committee Chair  
Michael Granof  
(Amy Hunter)  
Dick Lavine  
Diana Thomas

Guests:

Ian Bray, RVK  
Spencer Hunter, RVK  
Reed Harmon, RVK\*  
Paige Saenz, General  
Counsel\*  
Joe Ebisa, WithIntelligence\*

**Other Board Trustees  
Present/(Absent)**

Michael Benson  
(Kelly Crook)  
Chris Noak  
(Leslie Pool)  
Anthony Ross  
(Brad Sinclair)

**Others Present**

Staff:

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

\* present telephonically  
† present via videoconference

**1 Call roll of Committee members**

Committee Chair Liu called the meeting to order at 10:03 a.m. The following Committee members were present in person: Liu, Granof, Lavine and Thomas.

**2 Review order of business and establish meeting objectives**

Committee Chair Liu reviewed the order of business and meeting objectives with the Committee. No changes were made to the order of business.

**3 Receive public comments**

Committee Chair Liu 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 August 25, 2023 Investment Committee minutes**

Committee Chair Liu asked the Committee to review the Investment Committee minutes. Ms. Diana Thomas moved approval of the August 25, 2023 Investment Committee minutes. Mr. Dick Lavine seconded, and the motion passed 4-0.

**5 Review investment performance including strategy, compliance, and delegation of authority**

The Committee reviewed investment performance and market data from RVK through September 30, 2023. Fund investments decreased 3.77% net of fees during the third quarter.

Mr. David Stafford discussed the investment strategy and the compliance dashboards. He shared data showing absolute Fund returns were lower than the assumed rate of return over the trailing 10-years. Additionally, he discussed relative returns noting that realized returns were above the passive index and near to the policy index on a longer-term basis despite near term underperformance. He also noted the high variation in peer rankings, which were largely resulting from the Fund's lower allocation to private markets strategies, and reminded the Committee that peer rankings would be discussed again during Agenda Item # 6. Mr. Stafford also shared a Staff memo outlining both decisions that worked well in the third quarter, and decisions that did not work well.

Mr. Ian Bray of RVK reported that investors grappled with mixed signals in the third quarter, of both the health of the economy and the direction of corporate profits. He noted that labor market data exceeded expectations but energy costs and mortgage rates raised concerns. Results across equities were positive year-to-date, in contrast to the difficult market of 2022. He noted that though inflation has come down the Fed may raise rates again as unemployment remains low. Despite this, the yield curve has flattened suggesting that the market is no longer pricing in the rate increases. Mr. Bray also noted that the drivers of returns in U.S. equities were led by a narrow market rally of a few concentrated names.

Mr. Stafford also reviewed the delegation of authority report and the investment cash activity report. Additionally, he noted that Fund positioning was in the Strategic Bands across a variety of asset and sub-asset classes, as approved by the Board.

*Mr. Noak left the meeting at 10:44 a.m. and returned at 10:46 a.m.*

**6 Discuss and consider proposed revisions to Investment Policy Statement and Investment Implementation Policy**

Mr. Stafford presented draft copies of revisions to both the Investment Policy Statement (IPS) and Investment Implementation Policy (IIP). He explained that these were mostly minor changes based on the discussions during the year and

incorporated Trustee direction from the October 2023 workshop, and that more changes would be made as the private markets program is developed. Trustees discussed the changes regarding comparisons to the peer group and directed Staff to incorporate their concerns into a new draft of the IPS and IIP at a later date.

## **7 Discuss and consider Investment Risk Framework Process**

Mr. Stafford presented the IRF memo and reported that 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 at neutral. He noted that market dynamics had not changed enough to warrant a recommendation to the Board regarding this approved positioning in the Strategic Bands.

*Mr. Noak left the meeting at 11:14 a.m. and returned at 11:16 a.m.*

*Mr. Benson left the meeting at 11:14 a.m. and returned at 11:16 a.m.*

## **8 Discuss and consider investment implementation and Premier List for the following:**

**A. Real Assets - Ty Sorrel and RVK**

**B. Fixed Income - David Kushner and RVK**

### **8A. Real Assets**

Mr. Sorrel presented the annual review of the current construction and composition of the Real Assets allocations, including the associated Premier List.

*Trustees took a break from 11:34 a.m. to 11:54 a.m.*

### **8B. Fixed Income**

Mr. David Kushner presented a recommendation to invest 1-3% of Fund assets in a Private Credit – Direct Lending strategy. He noted this will be COAERS' first investment in this asset class. This investment will initially be classified as Fixed Income – Investment Grade Credit under the current Strategic Asset Allocation structure.

Ms. Thomas moved to refer to the Board for approval proposed changes to the Fixed Income Premier List pending final approval by counsel on fund-related documents and the development of a funding implementation plan by Staff and RVK. Mr. Granof seconded, and the motion passed 4-0.

**9 Discuss and consider investment consulting services including:  
A. Request for Proposal for General Investment Consultant  
B. Request for Information for Private Markets Consulting Services**

Mr. David Kushner presented the components of both a Request for Proposal (RFP) for a General Investment Consultant, and Request for Information (RFI) for Private Markets Consulting Services. He said the goal was to finish the due diligence including site visits prior to the May 2024 Investment Committee meeting. Trustees requested that some of the questions be grouped according to function.

Ms. Thomas moved to refer to the Board for approval the proposed Request for Proposal for General Consulting Services and the Request for Information for Private Markets Consulting Services. Mr. Granof seconded, and the motion passed 4-0.

**10 Discuss and consider proposed 2024 investment budget**

Mr. Hanson presented data from the latest CEM Benchmarking Report showing that the Fund remains low-cost relative to peers. Mr. Hanson presented the proposed 2024 Investments budget. The budget includes salaries for comparison, but those salaries are reflected in the administrative budget.

*Mr. Ross left the meeting at 12:36 p.m.*

Mr. Lavine moved to refer the 2024 investment budget to the Board for approval. Ms. Thomas seconded, and the motion passed 4-0.

**11 Review 2023 Committee Work Plan and discuss development of 2024 Committee Work Plan**

Mr. Hanson reviewed the 2023 Committee accomplishments against the 2023 Committee Work Plan. He also outlined the 2024 Committee Work Plan, which includes additional meetings and site visits for the Consultant RFP for two Committee members.

**12 Review key meeting takeaways and call for future agenda items**

Committee Chair Liu summarized the actions taken and information discussed at the meeting and provided an opportunity to add future agenda items.

As there were no further items to address, the meeting adjourned at 1:02 p.m.

These minutes were approved at the February 22, 2024 Investment Committee Meeting.