



MINUTES

BOARD MEETING

Public Meeting held in-person and telephonically on June 23, 2022 at 10:00 am CT
Pursuant to Texas Govt. Code 551.127

<u>Board Members Present</u>	<u>Board Members Absent</u>	<u>Staff:</u>
Michael Benson	Leslie Pool	Christopher Hanson
Kelly Crook		Russell Nash
Michael Granof	<u>Guests:</u>	David Stafford
Amy Hunter	Paige Saenz, General Counsel	David Kushner
Dick Lavine†	Ed Van Eenoo	Sarah McCleary
Yuejiao Liu†	Corey Martin, Avison Young	Mehrin Rahman
Chris Noak, Chair	Matthew Featherston	Jenni Bonds*
Anthony B. Ross, Sr.	Joe Ebisa, WithIntelligence	Michelle Mahaini*
Brad Sinclair	Spencer Hunter, RVK	Yun Quintanilla*
Diana Thomas†	Ian Bray, RVK	Amy Kelley*
	Eddie Solis, Hillco	Teresa Cantu*
		Ty Sorrel
		Kelly Doggett
		Cathy Edwards*

* present telephonically
† present via videoconference

1 Call meeting to order

Chair Chris Noak called the meeting to order at 10:01 a.m.

2 Call roll of Trustees

Ms. Sarah McCleary called the roll. The following Trustees were present in person: Benson, Crook, Granof, Noak, Ross, and Sinclair. The following Trustees were present virtually: Lavine, Liu, and Thomas. Ms. Hunter arrived at the end of roll call.

Ms. Hunter arrived at 10:03 a.m.

3 Review order of business and establish meeting objectives

Chair Noak reviewed the objectives of the meeting and asked if Trustees needed to take any agenda items out of order. While several Trustees indicated hard-stops, no change was made to the order of the agenda.

Ms. Thomas was off-camera 10:06 a.m. to 10:07 a.m.

4 Receive system member and public comments

Chair Noak 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. March 31, 2022 Board meeting minutes**
- B. Ratification of March, April, and May 2022 retirements**
- C. Ratification, confirmation, and approval of Benefits and Services Committee recommendation on Disability Application #2201**
- D. Appointment of Nominating and Election Committee for 2022**

Mr. Brad Sinclair moved to approve the consent agenda. Mr. Michael Granof seconded, and the motion passed 10-0.

6 Receive reports on the following Board administrative matters including: - Board Chair

- A. Ethics policy disclosure statements**
- B. 2022 meeting calendar**
- C. May 20, 2022 Investment Committee meeting**
- D. June 2, 2022 Governance and HR Committee meeting**
- E. June 2, 2022 Benefits and Services Committee meeting**
- F. June 2, 2022 Audit and Risk Committee meeting**

Chair Noak asked Trustees to complete their ethics disclosure forms if they had not already submitted those forms to Ms. McCleary. Ms. Amy Kelley reported receiving a swag bag from the Prism conference. Ms. Michelle Mahaini declared an in-person meeting with TLC Office Systems, Rocky Noska and consultant Chad James, regarding options on current postal machine and a possible new agreement, and a Zoom meeting with Quadient for a new postage meter lease agreement. Mr. David Stafford reported conference lunch at the Texas Alternative Investments Association Conference.

Chair Noak also noted the presence of Committee reports and asked Trustees to contact Staff if they need additional information on the Committee meetings.

7 Discuss and consider System long-term sustainability including COAERS and City of Austin Working Group recommendations

Mr. Christopher Hanson reported on discussions and decisions from the Governance and Human Resources Committee, the Benefits and Services Committee, and the COAERS and City of Austin Working Group.

Ms. Yuejiao Liu was off-camera from 10:16 a.m. to 10:54 a.m.

Trustees asked clarifying questions and discussed the risk-sharing valuation process. Trustees also discussed which active place would be converted to a City of Austin appointed position. During the conversation, trustee place seven was identified as the place which could be converted to a City position, if needed. Staff reported that the terms for both trustee places six and seven end on December 31, 2023 and therefore, either position could be converted to the City-appointed position. Staff were directed to have the legislative drafting team choose which trustee place (six or seven) would make the best sense from a drafting perspective.

Mr. Michael Benson moved to approve the recommendations of the Working Group and refer those recommendations to the Legislative Committee for the development of legislation to be filed during the 88th Legislative Session. Mr. Granof seconded, and the motion passed 9-0.

8 Investment Committee:

A. Discuss and consider Premier List for Fixed Income and Cash & Equivalents including funding implementation plan

Mr. David Stafford reviewed the Fixed Income portfolio including the disaggregated portfolio construction with mandates in US Treasuries, US MBS, and US Credit. He reviewed data which suggested that the portfolio was well constructed to meet the intended goals of hedging equity risk and providing liquidity despite inflationary headwinds. Mr. Stafford then reviewed proposed changes to the existing Premier List for Fixed income.

Mr. Stafford then discussed the current implementation of Cash & Equivalents portfolio and noted the layered approach to assure that both operational and investment needs are effectively met. Mr. Stafford explained that core cash is held in extremely high-quality, liquid strategies and incremental cash is invested in strategies which provide improved yields with small marginal risks. This discussion also included data which suggested that Cash & Equivalents were becoming an increasingly important allocation tool. Mr. Stafford then reviewed proposed updates to the Premier List for Cash & Equivalents.

Lastly, Mr. Stafford presented a proposed funding implementation plan.

Mr. Anthony Ross moved to approve proposed changes to the Premier Lists for both Fixed Income and Cash & Equivalents; and approve the proposed funding implementation plan. Mr. Benson seconded, and the motion passed 10-0.

B. Discuss and consider Amendment #3 to the Service Agreement between RVK and COAERS and amendment to the 2022 Investment Budget

Mr. Stafford reviewed the Staff evaluation of RVK performance, which he said continues to be well-aligned. Mr. Hanson explained that the asset liability study was originally planned for 2023 but because significant progress was made regarding COAERS long-term sustainability and pension legislation for the upcoming legislative session, COAERS would be able to begin the study earlier. Mr. Hanson noted that Staff had discussed the timeline change with the Investment Committee which supported completing the study in 2022.

Ms. Kelly Crook stepped out from 11:03 a.m. to 11:07 a.m.

Trustees discussed their satisfaction with RVK and the cost of the asset liability study compared to previous years.

Mr. Benson moved to approve Amendment No. 3 to the Service Agreement between RVK and the System, and an amendment to the investment budget to add funding of \$55,000 in 2022 for an asset liability study. Mr. Ross seconded, and the motion passed 10-0.

C. Discuss results of the investment beliefs survey

Mr. Stafford presented the results of the investment beliefs survey which was taken by Staff, Consultants, and Trustees. He noted strong agreement with the existing investment beliefs that are incorporated into the Investment Policy Statement. He also presented the more mixed results of prospective beliefs along with areas where Trustees had requested more information and educational opportunities. He noted that Staff will follow up with educational opportunities so Trustees can discuss the issues with common understandings.

Trustees took a break from 11:37 a.m. to 11:53 a.m.

9 Discuss and consider Board Resolution 2022-0623

Mr. Hanson reminded Trustees that with a new hire and a promotion, COAERS needed to update its resolution authorizing staff members to provide instructions to COAERS

investment managers. Mr. Granof moved to adopt resolution #2022-0623. Mr. Ross seconded, and the motion passed 10-0.

10 Governance and Human Resources Committee:

A. Discuss and consider Election Policy

Mr. Russell Nash presented the Election Policy, which he reported needs to be approved annually, and noted three proposed revisions. Mr. Brad Sinclair moved to adopt the Election Policy as proposed. Mr. Ross seconded, and the motion passed 10-0.

B. Discuss and consider Emergency Succession Policy

Mr. Hanson presented the Emergency Succession Policy which was amended at the request of the Governance and Human Resources Committee. Ms. Crook moved to adopt the Emergency Succession Policy as proposed. Ms. Amy Hunter seconded, and the motion passed 10-0.

11 Discuss and consider acceptance of the financial statement audit report as of December 31, 2021

Ms. Bhakti Patel of CliftonLarsonAllen (CLA) reported that CLA had issued an unqualified opinion on the December 31, 2021 financial statements. Ms. Patel reported that CLA found no significant corrected or uncorrected adjustments nor any unusual transactions. Ms. Patel reviewed significant accounting policies used by COAERS and reported that there were no unusual transactions.

Mr. Granof moved to accept the December 31, 2021 financial statements and auditor's report from CliftonLarsonAllen. Mr. Ross seconded, and the motion passed 10-0.

12 Facility options

A. Convene into executive session pursuant to 551.072, Texas Government Code to deliberate the purchase, exchange, lease, or value of real property

B. Reconvene into public session and take action as determined appropriate by the Board regarding the purchase, exchange, lease, or value of real property

The Board convened into Executive Session at 12:13 p.m.

Ms. Liu left the meeting at 1:03 p.m.

The Board reconvened into public session at 1:06 p.m.

Ms. Crook moved to authorize Staff to proceed as discussed in Executive Session. Mr. Granof seconded, and the motion passed 9-0.

- 13 Discuss and consider performance for the Executive Director – Chair Noak**
- 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**

The Board convened into Executive Session at 1:09 p.m.

Mr. Benson left the meeting at 1:30 p.m.

The Board reconvened into public session at 1:31 p.m.

- 14 Receive report from Executive Director on the following matters:**
- A. Operational matters including staffing**

Mr. Hanson updated Trustees on staffing, introducing Mr. David Kushner as the newly hired Chief Investment Officer. Mr. Hanson also announced that Mr. David Stafford was promoted to Deputy Chief Investment Officer. Mr. Hanson also reported that the Chief Financial Officer position had recently been posted.

B. Review of Member Meeting

Mr. Hanson reminded Trustees that the member meeting in July will be held at the Austin Public Library and Staff would keep them apprised of logistics.

C. Update on October Board workshop

Mr. Hanson reminded Trustees that the Board Workshop in October will be held at the Archer Hotel at the Domain and Staff would report on the proposed agenda at the Board's September meeting.

D. MET report and upcoming educational programs and conferences

Mr. Hanson reported that training was on schedule for all Trustees to meet the Pension Review Board requirements and encouraged Trustees who were interested in upcoming conferences to reach out to Staff with questions or for registration and travel help.

- 15 Receive presentation of Fixed Income asset class and diversification of the Strategic Asset Allocation**

Trustees directed Staff to reschedule this training to another date.

- 16 Review key meeting takeaways and call for future agenda items**

Chair Noak 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 1:47 p.m.

These minutes were approved at the September 22, 2022 Board meeting.