



Meeting held in person
Thursday, February 22, 2024 10:00 AM CST
4700 Mueller Blvd., Austin TX 78723

**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
Mehrin Rahman

Guests:

Spencer Hunter, RVK
Marcia Beard, RVK
Paige Saenz, 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, Lavine, Sinclair, 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.

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 November 17, 2023 and January 19, 2024 Investment Committee minutes

Committee Chair Van Eenoo asked the Committee to review the Investment Committee minutes. Mr. Brad Sinclair moved approval of the November 17, 2023

and January 19, 2024 Investment Committee minutes. Ms. Diana Thomas seconded. Mr. Van Eenoo suggested a change to the January 19 minutes incorporating one new sentence in agenda item #4 *Trustees discussed the importance of peer benchmarking in assessing the effectiveness of the System's investment strategy* and changing the word "pitfalls" to "challenges". Both Mr. Sinclair and Ms. Thomas agreed to the revision in the motion, and the motion passed 4-0.

5 Discuss 2024 Investment Committee Work Plan

Trustees reviewed the 2024 Investment Committee Work Plan. Committee Chair Van Eenoo suggested that it be re-organized around priorities as opposed to strictly chronological.

Committee Chair Van Eenoo added that four categories of priorities may include:

- Review and revise as appropriate the Investment Policy Statement and Investment Implementation Policy
- Review and recommendation to the Board investment consultant proposals
- Ongoing continuing development of private markets program
- Monitor the performance of the investment portfolio, investment staff, investment managers, and investment consultant.

Committee Chair Van Eenoo encouraged Trustees to email Mr. Hanson with any suggestions and noted that Staff should bring a revision of the Work Plan to the next Investment Committee meeting.

6 Discuss and consider Investment Committee Charter

Trustees reviewed possible changes to the Charter based on discussions at the January Board meeting. Committee Chair Van Eenoo noted that there could be a long gap between a Committee decision and full Board approval. Rather than make the Committee a "committee-of-the-whole", direction was to schedule a called Board meeting directly after an Investment Committee meeting where action might be needed immediately, and/or have a one-hour scheduled Investment Committee meeting directly prior to each regularly scheduled full Board meeting.

7 Discuss and consider total portfolio and asset class performance through fourth quarter 2023, including strategy, implementation, and staff reports

Trustees approached this agenda item in three parts: performance, global equity strategy, and global equity Premier List, and noted that Staff reports were included.

During the discussion on fund performance, Trustees asked to be given more top-level reports for performance review. Committee Chair Van Eenoo shared a copy of a report from a different fund that he liked and encouraged other Trustees to send

examples of what they would like to see to Mr. Hanson. Consensus was to have more top-level reports and include the full reports in an appendix or supplemental materials.

The Committee then received a report from Mr. Spencer Hunter of RVK regarding the Global Equity portfolio. Mr. Hunter discussed the current portfolio benchmark and provided recommendations from RVK. Mr. Sinclair moved to utilize the MSCI ACWI IMI for the Global Equity portfolio and remove from policy the underlying regional targets. Ms. Thomas seconded, and the motion passed 4-0. Direction was also given to Staff to propose policy language to clarify the delineation of decisions among Staff, Committee, and Board and to bring the proposal to the Committee for review within the next six months.

Mr. Ty Sorrel reviewed proposed revisions to the Global Equity Premier List with the Committee. Ms. Thomas moved to approve the staff recommendation for the Global Equity Premier List as outlined on page 72.

Mr. Lavine seconded, and the motion passed 4-0.

8 Discuss and consider private markets program including draft strategic plan

Mr. David Kushner presented a draft Private Markets Strategic Plan to the Committee. Mr. Kushner noted that the Strategic Plan was to be a standalone document for the private markets program. He noted that the draft included more policy language than typical private markets plans due to the nascence of COAERS' private markets investment. After discussion, the Committee provided direction to incorporate policy elements of the Strategic Plan into the Investment Policy Statement, with a requirement to review and update annually. Ms. Thomas moved to refer approval of the Private Credit Strategic Plan to the Board as presented. Mr. Sinclair seconded, and the motion passed 4-0.

9 Discuss and consider Investment Practices and Performance Evaluation report

Ms. Marcia Beard of RVK presented the conclusions of the IPPE report. Trustees were supportive of most of the recommendations though there was discussion around both benchmarking and performance relative to peers. Mr. Sinclair moved to recommend that the Board accept the IPPE report. Mr. Dick Lavine seconded, and the motion passed 4-0. Direction was given to Staff to provide a document with Staff's opinion on each recommendation and whether to concur or note any differences of opinion.

Trustees took a break from 12:10 pm to 12:20 pm

10 Discuss and consider review of policy and processes of investment program

Mr. Hanson reported to the Committee that at the direction of the Board, he reached out to various firms for proposals on a separate IPPE report. Mr. Hanson reported that he received two proposals for outside review of the investment program. The Committee discussed whether to proceed with an additional third-party report of the investment program. Based on the thoroughness and independence of the RVK report, both Mr. Van Eenoo and Ms. Thomas agreed it was not necessary at this time to pursue a second opinion of the IPPE report as previously requested.

11 Discuss and consider bids from general investment consultant requests for proposal

The Committee discussed both the process and the scoring for the general investment consultant RFP. Trustees discussed the scoring for the first phase and then combining that score with scoring from the site visits to create an aggregate score before going before the Board for final selection. After discussion, the Committee agreed that the first round of scoring could be done by Staff, and at a natural breaking point, site visit semi-finalists decided. Site visits would be set for 3 Staff and 3 to 4 Trustees. It was noted that the Trustee site visit team would be composed of Committee and non-Committee members. Trustees directed Staff to poll for interest and availability for serving as volunteer for site visits and scoring. Staff was directed to also report back to the Committee at the April meeting with a proposal on how to score the RFP based on the Committee's discussion.

12 Review key meeting takeaways and call for future agenda items

Committee Chair Van Eenoo requested Staff and Consultant incorporate feedback from the Trustees to streamline the Committee packets for better clarity and ensure recommendations are clearly stated and consistent.

As there were no further items to address, the meeting adjourned at 1:23 p.m.

These minutes were approved at the April 11, 2024 Investment Committee meeting.