

IAC Members Attending			
Jack McGrory	IAC Chair	Irv Rothenberg (<i>Absent</i>)	Member
Steve Relyea	IAC Vice Chair	David Bach	Member
Robert Eaton	Member	Tim Schaefer	Member
Leona Bridges	Member	Mike Lucki	Member
Staff / Other Attendees			
Ron Flatt	Director – Treasury Operations	Laura Wirick	Meketa – Investment Advisor
Scott August	Chief Investment Manager	Jonas Noack	Meketa – Investment Advisor
Taylor Brown	Senior Treasury Analyst		

The IAC Chair called the meeting to order and established a quorum on October 05, 2022, at 11:00 am.¹

Item I: Welcome, Public Comment, Housekeeping & Approval of Minutes – Action Item

The IAC Chair asked if there were any amendments or changes to the minutes from the August 9, 2022, meeting. Upon a motion duly made and seconded, the minutes were approved as submitted. There was no public comment.

Item II: TRP Quarterly Report – Information Item

Item II was an information item and is presented at each quarterly meeting. Meketa presented an Economic and Market Update as of August 31, 2022, which included updates on global economic information and financial markets, reviews of historical investment returns for various asset classes and sectors, relative valuations, and economic statistics. Finally, Meketa presented the TRP quarterly review and evaluation report as of June 30, 2022. Information in this report included the current TRP asset allocation, an update on TRP funding contributions, overall TRP performance versus its stated benchmarks, and detailed performance and characteristics for the TRP investment managers. Additional investment manager details are provided in the resource center on Diligent each quarter. As of June 30, 2022, the TRP market value was \$1.37 billion, a decrease of approximately \$13.9 million from the beginning of the quarter. The TRP had net cash inflows of approximately \$150 million for the quarter per the TRP Funding Schedule and investment losses of \$163.9 million for the quarter.

Given that the meeting occurred on October 5th, 2022, Chancellor’s Staff also provided the IAC with an update on the TRP Market Value and performance as of October 3rd, 2022.

¹ Details on all meeting agenda items are included in the meeting materials as presented at the CSU Investment Advisory Committee (“IAC”) meeting dated October 05, 2022.

Key points:

- As of June 30, 2022, all TRP asset classes complied with the Policy Ranges outlined in the TRP Investment Policy.
- As of June 30, 2022, the TRP since inception return was +5.07% compared to +4.32% for the TRP Policy Benchmark and +7.94% for the TRP Strategic Benchmark.
- The TRP since inception return as of June 30, 2022, ranks in the 55th percentile of all Endowments in excess of \$250 million reporting to InvMetrics.²
- The TRP returned -11.39% for the second quarter 2022, compared to -11.40% for the TRP Policy Benchmark and +2.98% for the TRP Strategic Benchmark.

The IAC, Meketa, and Chancellor's Staff also engaged in further discussion surrounding the TRP Quarterly Report, economic conditions, and market conditions.

Item III: TRP Annual Spending Distribution – Action Item

Meketa and Chancellor's Staff reviewed the TRP Spending Policy provisions contained within the TRP Investment Policy. Chancellor's Staff also reported a summary detailing the following information as of June 30, 2022:

- TRP Market Value equal to approximately \$1.37 billion
- Since Inception TRP Funding Contributions equal to approximately \$1.34 billion and
- Since Inception TRP Investment Earnings (including historical spending distributions) equal to approximately \$145 million
- Recommended approval of the TRP Spending Distribution equal to approximately \$48.9 million for the Fiscal Year End 2021/2022 per the TRP Spending Policy.

Chancellor's Staff and members of the IAC discussed the proposed annual TRP Spending Distribution in light of recent negative financial market returns. The IAC, Chancellor's Staff, and Meketa discussed that the investment time horizon for the TRP is long-term, interim fluctuations in the value of the TRP should be viewed with the appropriate perspective, and the goal of the TRP Spending Policy is to provide consistent and sustainable spending over long periods of time during both positive and negative investment return environments.

Upon discussion, further consideration, and a motion duly made and seconded, the IAC approved the Fiscal Year End 2021/2022 Annual TRP Spending Distribution equal to \$48.9 million.

Item IV: CSU Annual Investment Report – Action Item

Chancellor's Staff's duties include informing the IAC on all CSU Investments, which are discussed in the quarterly and annual investment reports and are presented regularly to both the IAC and the CSU Board of Trustees.

This item contained a draft of the CSU Annual Investment Report for the Fiscal Year End 2021/2022 to be presented to the CSU Board of Trustees in November. Subsequent to the Board of Trustees meeting in November, the CSU Annual Investment Report will be distributed to the State Legislature and the Department of Finance per state law.

The IAC, Chancellor's Staff, and Meketa discussed the content and format of the CSU Annual Investment Report. Upon further consideration and a motion duly made and seconded, the IAC approved the CSU Annual Investment Report for the Fiscal Year End 2021/2022.

² There were 44 Endowments in the InvMetrics All Endowment > \$250 million peer universe as of June 30, 2022.

Item V: TRP Investment Policy – Annual Review – Action Item

The annual TRP Investment Policy review contained one recommended revision related to changing the Natural Resources index used as part of the TRP Policy Benchmark. Meketa and Chancellor’s Staff recommended replacing the S&P Global Natural Resources Index with the MSCI US IMI Materials 25/50 Index in order to better represent the Natural Resources universe ex-fossil fuels that the TRP is invested in; as the TRP has reallocated the 2% Energy allocation (traditional fossil fuels) to other Real Assets (REITs, Materials, and Infrastructure) given the IAC’s assessment of Climate and Energy Transition risks.

Upon a motion duly made and seconded, the revision to the TRP Investment Policy was approved by the IAC as recommended.

Item VI: Guest Speaker – Meketa Fiduciary Management (OCIO) – Information Item

The featured guest speaker was the OCIO for Meketa Fiduciary Management. On the theme of current market views, topics included changes in interest rates, inflation, and monetary policy. The IAC and Chancellor’s Office staff engaged in further discussion with Meketa regarding the impact of current market conditions on the TRP and the economy.

The next meeting is scheduled for January 20th, 2023, at 11:00 am at the Office of the Chancellor.

There being no further business before the IAC, the meeting adjourned at 1:30 pm.