

Texas Emergency Services Retirement System
Board Meeting Minutes
August 19, 2021 8:30 A.M.
Hyatt Place Austin Airport
9532 Spirit of Austin Ln., Austin, TX 78719

Members Present:

Jenny Moore, Chairman
Pilar Rodriguez, Vice-Chairman
Nathan Douglas, Trustee
Matt Graves, Trustee
Jerry Romero, Trustee
Rod Ryalls, Trustee
Stephanie Wagner, Trustee

Members Present via Teleconference:

Courtney Bechtol, Secretary
Edward Keenan, Trustee

Staff and Others Present:

Shirley Hays, Executive Director, TESRS
Jessica O'Brien, Data & Technology Officer, TESRS
Chana Kramer, Contract Specialist, CTCD, CTCM, TESRS
David Gordon, Assistant Attorney General
Scott Miller, Business Development, TESRS
Cassandra Davis, Staff Services Officer, TESRS
Tamika Hobby, CTCM, TESRS
Jonathan D. Breth, CFP, AndCo Consulting, L.L.C.

Chairman Moore called the meeting to order at 8:32 A.M.

1. Roll Call

Cassandra Davis, Staff Services Officer, called the roll. Seven trustees were present. Trustees Keenan and Bechtol were absent. Chairman Moore announced that a quorum of the board was present.

No action was taken on this agenda item.

2. Invitation for Public Comment

Chairman Moore called for public comment. No public comments were made.

No action was taken on this agenda item.

3. Approval of Minutes for August 11, 2021

Trustee Graves moved to adopt the minutes for August 11, 2021 as presented. The motion was seconded by Trustee Romero and unanimously passed by the board.

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4. Investment Consultant Report on Investment Performance, Asset Allocation, and Investment Policy -Discussion and Possible Action

- A. Investment Performance Report for the Quarter Ending June 30, 2021
- B. Investment Manager Watch List Report - Discussion and Possible Action
- C. Written Investment Policy and Asset Allocation - Discussion and Possible Action

Jonathan D. Breth, CFP, AndCo Consulting, L.L.C., introduced himself to the board members who hadn't attended an in-person meeting and explained that he would be providing a recap of the plan's investment activity through June 30, 2021. Mr. Breth then presented his report entitled *Investment Performance Review Period Ending June 30, 2021*. His report covered the state of the economy, fixed income, domestic and international equity, and market themes. He advised that during the second quarter, the US economy continued to recover as state and local economies reopened due to widespread vaccine distribution. Mr. Breth also described other factors that are affecting the market environment, including the delta variant and the microchip shortage.

Mr. Breth then described the performance of each of the fund's money managers. He noted that Clearbridge Investments LLC is currently on the watch list and has continued to struggle. He recommended that they remain on the watch list. He did not recommend any changes to the written investment policy.

In a response to a question from Chairman Moore, Mr. Breth advised that he expected a capital call from IFM during the 4th quarter.

Trustee Keenan joined the meeting at 8:47 a.m.

Asset Class	Amount	Percent
Domestic Equities	\$48,127,477	34%
International Equities	\$29,026,131	21%
Fixed Income	\$43,185,388	31%
US Core Real Estate	\$10,316,544	7%
Master Limited Partnership	\$0	0%
Multi-Asset Investments	\$10,019,967	7%
Money Market	\$330,629	0%
Total	\$141,006,136	100.0%

See page 14 of Texas Emergency Services Retirement System Investment Performance-Period ending June 30, 2021

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Comparative Performance	Qtr	FYTD	YTD	1 Yr	3 Yr	5 Yr	7 Yr	Inception
Total Retirement System	4.41%	17.58%	6.8%	26.34%	11.18%	11.12%	7.38%	7.16%
Total Fund Policy	4.69%	15.46%	6.62%	22.56%	9.82%	10.27%	7.12%	7.94%
Difference	- 0.28%	2.12%	0.18%	3.78%	1.36%	0.85%	0.26%	- 0.78%

See page 16 of Texas Emergency Services Retirement System Investment Performance-Period ending June 30, 2021.

Trustee Romero moved, based on the recommendation of the investment consultant, to maintain Clearbridge Investments LLC on the watch list. The motion was seconded by Trustee Douglas and unanimously passed by the board.

5. Legislative Update - Jackson Walker – Discussion and Possible Action

Chairman Moore announced that due to ongoing special session, Jackson Walker recommended that we move the legislative update to the first regular meeting of the board in state fiscal year 2022. Jackson Walker will provide the legislative update at that time.

No action was taken on this agenda item.

6. Non-appropriated 2021 Budget Update – Discussion and Possible Action

Shirley Hays, Executive Director, provided an overview of her report entitled *Texas Emergency Services Retirement System Non-Appropriated Fund Budget for FY 2021*.

No action was taken on this agenda item.

7. Non-appropriated 2022 Budget Adoption – Discussion and Possible Action

Ms. Hays provided an overview of her report entitled *Texas Emergency Services Retirement System Proposed Non Appropriated Fund Budget for FY2022*.

Trustee Glaves moved that the board adopt the FY 2022 non appropriated budget as presented today in an amount not to exceed \$423, 265. The motion was seconded by Trustee Romero and unanimously passed by the board.

Trustee Wagner joined the meeting at 9:18 a.m.

Chairman Moore reconvened the meeting at 9:46 a.m. after a brief break and then moved to Agenda Item 8.

8. Executive Director's Report

A. System Activity

B. Update on Financial Budgeting and Reporting for SFY 2021 and SFY 2022

C. Update on CFO Position

Shirley Hays, Executive Director, presented her report entitled *Texas Emergency Services Retirement System Executive Director's Report August 19, 2021*. Her report included system administrative and system activity, budgeting, recruiting and technical assistance, and an update on the open Chief Financial Officer position.

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Ms. Hays explained to the board that based on a concern expressed by a department administrator she had researched the scope and impact of participating departments granting qualified service to all active members without calculating emergency call attendance in response to COVID. She advised that she would continue to review the issue by contacting departments as well as discussing the actuarial impact with System Actuary Mark Fenlaw.

Ms. Hays noted that a participating department that had been in the System for close to five years had stated their intention to purchase prior service for their members and that staff were currently working with the department in order to facilitate the purchase before the deadline.

No action was taken on this agenda item.

9. CLOSED SESSION: Cybersecurity Consultant Security Briefing, Vendor Risk Assessments, Denim Group

Chairman Moore announced that the time is 11:03 a.m. and the System will now go into closed session to discuss Item 9 on the agenda, pursuant to Texas Government Code Section 551.089. The System will discuss cybersecurity measures associated with the System's electronic information and technology systems.

No action was taken on this agenda item.

The board reconvened the meeting at 11:18 a.m. after a brief break and moved to Agenda Item 10.

10. CLOSED SESSION: Executive Director Evaluation and Compensation

Chairman Moore announced that in accordance with the performance evaluation procedures for the Executive Director, the closed session Agenda Item 10 will be rescheduled to the first regular meeting of the board after April 2022 when the Executive Director has been in the position for a full year.

No action was taken on this agenda item.

The board reconvened the meeting at 12:33 p.m. after a break for lunch and moved to Agenda Item 11.

11. Board Evaluations of Vendors

Shirley Hays explained to the board that the board's annual evaluation of vendors would be managed using a survey sent via email.

No action was taken on this agenda item.

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12. Election of Board Officers – Discussion and Possible Action

Chairman Moore opened the floor for nomination of board officers.

Secretary Bechtol nominated Jerry Romero for the position of secretary. The motion was seconded by Trustee Wagner and unanimously passed by the board.

Trustee Romero nominated Jenny Moore for the position of chairman. The motion was seconded by Trustee Graves and unanimously passed by the board.

Trustee Romero nominated Pilar Rodriguez for the position of vice-chairman. The motion was seconded by Trustee Graves and unanimously passed by the board.

13. Request for Future Agenda Items and Meeting Dates

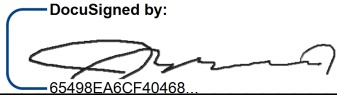
Chairman Moore announced that the next meeting of the board would be held on November 18, 2021.

14. Adjourn

Chairman Moore called for a motion to adjourn at 1:12 p.m.

Trustee Romero moved to adjourn the meeting. The motion was seconded by Trustee Wagner and unanimously passed by the board.

Minutes Approved by:

DocuSigned by:

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Jerry Romero, Secretary

12/2/2021 | 11:21:31 MST

Date