

## **Texas Emergency Services Retirement System**

Board Meeting Minutes

November 30, 2023 8:30 a.m.

Cambria Hotel Austin Airport

7800 E. Ben White Blvd., Austin, TX

---

### **Members Present:**

Jerry Romero, Vice Chair  
Edward Keenan, Secretary  
Matthew Glaves, Trustee  
Rod Ryalls, Trustee  
Brad Landi, Trustee  
Nathan Douglas, Trustee  
Rupal Chaudhari, Trustee

### **Members Absent:**

Pilar Rodriguez, Chairman  
Brian Smith, Trustee

### **Staff and Others Present:**

Jessica O'Brien, Acting Executive Director, TESRS  
Susan Johnson, Staff Service Officer, TESRS  
Brent Zunker, Benefits Specialist, TESRS  
Michael Villanueva, Executive Assistant, TESRS  
Krystyn Garcia, Contract Manager, TESRS  
Rosalind Hunt, Assistant Attorney General, OAG  
John Posey, Senior Analyst, LBB  
Jon Breth, AndCo Consulting L.L.C. (Via Zoom)  
A.J. Weber, Lauterbach & Amen, L.L.P. (Via Zoom)  
Lindsey Rappeport, Lauterbach & Amen, L.L.P. (Via Zoom)

Vice Chair Romero called the meeting to order at 8:30 a.m.

### **1) Roll Call and Excuse of Board Member Absences**

Michael Villanueva, Executive Assistant, called the roll. Seven board members were present. Chairman Rodriguez was absent. Vice Chair Romero announced that a quorum of the board was present.

### **2) Invitation for Public Comment**

Vice Chair Romero called for public comment. No public comments were made.

No action was taken on this agenda item.

### **3) Approval of Minutes for September 6, 2023 Meeting**

Trustee Glaves moved to adopt the minutes for September 6, 2023 as presented. The motion was seconded by Secretary Keenan and unanimously passed by the board.

#### **4) Committee Chair Appointments**

Vice Chair Romero informed the board that he had a conversation with newest board member about joining the Investment Committee and Trustee Chaudhari agreed to join the committee. Vice Chair Romero informed the board that there was opening on the IT Committee and if anybody would like to join. Trustee Ryalls stated that he would join the IT Committee.

Vice Chair Romero wanted to discuss about the Committee Chair positions. Vice Chair Romero confirmed that Chairman Rodriguez was the Chair for the Administration and Actuarial and he was the Chair for the Investment Committee. Vice Chair Romero stated there were openings for Chair on the Rules, Legislative and IT Committees. The following Trustees agreed to be a Chair on the following Committees:

- Rules Committee Chair: Trustee Ryalls
- Legislative Committee Chair: Trustee Landi
- IT Committee Chair: Secretary Keenan

No action was taken on this agenda item.

#### **5) Investment Committee**

##### **A. Investment Consultant Report on Investment Performance**

##### **B. Investment Performance Report for the Quarter Ending September 30, 2023**

Jon Breth, CFP, AndCo Consulting LLC, via Zoom presented his report entitled Investment Consultant Report on Investment Performance and Investment Performance Report for the Quarter Ending September 30, 2023. Mr. Breth report included an overview of the market environment and economy, domestic and international equities, fixed income, and market themes.

##### **C. Review of Performance and Management of Jackson Square SMID Growth Fund**

Mr. Breth presented the review of performance and management of Jackson Square SMID Growth Fund. Mr. Breth and the Investment Committee recommend to the board that we liquidate the Jackson Square SMID Growth Fund and invest the proceeds of the liquidation into the Mainstay Fiera SMID Growth Fund (APSDX).

Secretary Keenan made the motion to accept the recommendation to liquidate the Jackson Square SMID Growth Fund and invest the proceeds of the liquidation into the Mainstay Fiera SMID Growth Fund (APSDX). The motion was second by Trustee Graves and unanimously passed by the board.

#### **D. Cash Flow Projection**

Jessica O'Brien, Acting Executive Director, discussed the Cash Flow Projection. She shared details about the projected expenses, member contributions, drawdown deposit, and cash balances. Jessica also highlighted that there may be significant gaps during certain periods and quarters of the month due to funds being behind in payment accounts. This is because of the December Pension Payroll, which will leave the accounts with insufficient funds by mid-December due to the 13th checks for two departments. To address this, Jessica requested the board's permission or a motion to move funds around to cover the mid-December 13th checks. The board members inquired about the available cash and the amount needed to cover the payment accounts. Jessica and John informed them that there is currently a cash balance of over five and a half million dollars available, and they would need about seven hundred thousand or one million dollars to cover payment accounts. Jessica assured the board that she would work with Jon to determine how much money to move into those payment accounts.

Trustee Graves made the motion to accept the recommendation to authorize the Acting Executive Director to work with AndCo to raise funds from the investment portfolio when needed to supplement the payment accounts. The motion was second by Trustee Ryalls and unanimously passed by the board.

#### **E. Investment Manager Watch List Report**

Mr. Breth presented the Investment Manager Watch List Report. He informed the board that Jackson Square SMID Growth Fund is the only one currently on the watch list. Mr. Breth recommended that the board replace Jackson Square with Fiera Capital SMID Growth Fund, and the board agreed to do so. Mr. Breth did not have any other watch list recommendations to share with the board.

#### **F. Written Investment Policy and Asset Allocation**

Mr. Breth provided an update on the Written Investment Policy and Asset Allocation. He informed the board that he received some recommended bullet points from RBK, which were included in the State of Texas Report. Mr. Breth stated that he is currently reviewing this information and has prepared a draft document that incorporates the recommended language. However, he wants to wait to present all the information at once as he also wants to incorporate other potential changes to the asset allocation table. Mr. Breth stated that once the document is ready, he will present it to the board for review and potential approval in the first quarter of 2024.

## **6) Legislative Budget Report Overview**

John Posey, Senior Analyst, LBB, presented overview of the Legislative Budget Report process. Mr. Posey handed out a chart of the Texas' Strategic Planning, Performance Budgeting, and Performance Monitoring System Two-Year Cycle to explain his presentation.

No Action was taken regarding the agenda item.

## **7) Financial Budget Report**

- A. Operating Budget Report FY 22-24**
- B. FY2024 Non-Appropriated Budget and Expenditures**
- C. FY2024 Appropriated Budget and Expenditures**

A.J. Weber and Lindsey Rappeport, Lauterbach & Amen, L.L.P. via Zoom presented information regarding the Operating Budget Report FY 22-24, FY 2024 Non-Appropriated Fund Budget and Expenditures, and FY 2024 Appropriated Budget and Expenditures.

No Action was taken regarding the agenda item.

## **8) Contracts Overview**

- A. Request for Proposal for Custodial Services**
- B. Request for Proposal for Cybersecurity Services**
- C. Request for Proposal for Accounting Services**
- D. Request for Proposal for Outside Counsel Services**

Krystyn Garcia, Contract Manager, presented information on contract solicitation process on the following services proposals for Custodial, Cybersecurity, Accounting and Outside Counsel. Ms. Garcia provided internal calendar of events for the contract solicitation process for each contract proposal. Ms. Garcia was seeking authorization from the board to request notice to intent to solicit for service.

Trustee Ryalls made the motion to authorize staff to take any and all necessary action to request to notice to intent to solicit for Custodial, Cybersecurity, Accounting, and Outside Counsel Services. The motion was second by Trustee Glaves and unanimously passed by the board.

## **9) Human Resources – Employee Handbook Outline**

Dr. Susan Johnson, Staff Service Officer, presented update on the Employee Handbook Outline. According to her, the Employee Handbook has increased to 146 pages from 20 pages due to various reasons. She mentioned that the expansion has been a result of the State Auditor’s Office (SAO) Human Resources Statutes and Texas Workforce Commission (TWC) new Assessment Report. Dr. Johnson assured the board that the Employee Handbook would cover everything that would be addressed in the SAO Human Resources Statutes and TWC Assessment Report. She also informed them that she would be working on the forms that are referenced in the handbook. Dr Johnson stated that the Employee Handbook and forms should be completed first of the new year.

The board requested Dr. Johnson to explain what the TWC Assessment Report was, to which she explained that it was a new assessment being conducted by TWC. It would evaluate Human Resources policies, Equal Employment Policy, Hiring Policy, and more and that TWC would charge the agency at the end of the assessment.

The board also had asked Dr. Johnson to let them know what happened at the last legislative session that effected the Employee Handbook or Human Resources Statutes. Additionally, Dr. Johnson informed the board that the SAO had updated Texas Human Resources Management Statutes Inventory Manual that included any changes made during the last legislative session.

No motion was taken on the agenda item.

At 10:00 a.m. the board members took a 20-minute break.

The board members return from break at 10:20 a.m.

## **10) System Activity Report**

### **A. Weaver Audit Report Update**

Jessica O’Brien, Acting Executive Director, presented information regarding the Weaver Audit Report Update. She mentioned that the agency has started the process with their first interview with Weaver and identified the tasks that need to be completed. Their goal is to have everything done by December 20th. Currently, they have completed 95% of the requested materials, and the remaining 5% will be submitted after they review the request. Jessica mention that it’s great to hear that the staff and accounting team have been diligent in getting these materials to Weaver.

**B. Annual Financial Report (AFR)**

Jessica discussed the next agenda item which was the Annual Financial Report (AFR). She informed everyone that the AFR was due on November 20th and it was submitted on time. Jessica also took the opportunity to congratulate the Lauterbach team on their hard work on the unaudited AFR, which is currently being reviewed by the Weaver team. The final audit report will be presented by Weaver in the February meeting.

**C. TESRS Historical Investment Fiduciary Net Numbers**

D. Jessica discussed the next agenda item which was TESRS Historical Investment Fiduciary Net Numbers. She presented 20 years of data that showcased the agency's appropriations, expenses, and revenue. This information helped to illustrate the history of the agency and its financial performance over time.

**E. Department Recruiting and Department Visits**

Scott Miller, Business Development, presented the Department Recruiting and Department Visit. Scott did a recruiting presentation for Washington County and the event was success. They are awaiting to hear back from the county judge that he has signed off on the agreement. If the county judge does approve we will be bringing in ten new departments that has total of 125 members. Scott discussed the verbal agreement with Smith Co ESD #2 and that he has provided a draft contract for their review. Currently Smith Co ESD has elected a new Chairman and he is currently working with their legal counsel to review the contract and pension. Scott mention that Smith County has 12 departments with about 280 members. Scott wanted to congratulate Brent Zunker on presenting at the Kenedy County Fire & Rescue. Kenedy County has followed up with additional questions and requested clarification to take back to their board meeting. Scott stated that he is awaiting the contract from Jones Creek. Scott mention that he's been in contact with Tiki Island. Tiki Island is looking for Safer Grant information. Scott and Trustee Douglas are working together to provide that information. Tiki Island wanted this information to help them with the monthly contributions and also buy-back. Scott mention that Brent Zunker went and visited with Johnson County ESD. That Johnson County ESD currently has 11 departments not enrolled and 3 departments that are enrolled in TESRS system.

Scott provided information regarding site visits. The agency has visited 15 departments so far this year. The performance measures require them to visit 48 locations per year.

**F. New Office Facility**

Mr. Miller shared information about a potential new office facility located near One Loop and North Lamar in Central Austin. The facility is owned by the Texas School for the Blind and already comes equipped with chairs, tables, TV's, and conference rooms.

Chief Wisko of the Texas Commission on Fire Protection mentioned that his agency will be moving to the third and first floor of the building and asked Jessica if our agency would be interested in joining them. Scott saw this as a great opportunity for the agency to collaborate with Texas Commission on Fire Protection to bring more exposure, marketing, and workload support.

When asked about the cost associated with moving to the new facility, Scott explained that they are currently working with the Texas Facilities Commission to determine the exact amount. He would provide that information as soon as they met up with TFC again. He mentioned that the board and TESRS will need to provide an answer to TFC as soon as possible. The possibility of meeting again in December was discussed, potentially via Zoom, to further address this item. TESRS and OAG Attorney were tasked with looking into this option.

No Motion was taken on these agenda item.

**11) EXECUTIVE CLOSED SESSION: Rules Committee – Statutory Requirements for Agency Rulemaking and Rule Review**

**12) EXECUTIVE CLOSED SESSION: Executive Director Hiring Committee**

- A. Application Selection Process, Evaluation, and Criteria**
- B. Personnel matters regarding appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director and Acting Executive Director, including evaluation of applicants for the position of Executive Director.**

Vice Chair Romero announced that the time 10:46 a.m. and the board will now go into executive closed session to discuss Item 12 B on the agenda, pursuant to Texas Government Code Section 551.074. The board will discuss personnel matters regarding the appointment, employment, compensation, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director. Also discuss item 11 on the agenda, pursuant to Texas Government Code Section 552.071. The board will consult with legal counsel regarding the statutory requirements for agency rulemaking and rule review.

The board reconvened the meeting at 11:46 a.m. No action was taken regarding the agenda 11 item and 12 B item.

Vice Chair Romero asked for a motion to approve the process for the deliberation of application selected for evaluation and the criteria necessary for hiring a new executive director. Vice Chair Romero stated that there is already a hire committee and the members of that committee are Chairman Rodriguez, Trustee Romero, Trustee Glaves, and Trustee Ryalls. Vice Chair Romero informed the board that applications information is available to other board members if they request to view them.

Trustee Keenan made the motion to approve the process for the deliberation of application selected for evaluation and the criteria necessary for hiring a new executive director. The motion was second by Trustee Glaves and unanimously passed by the board.

### **13) Board Education and Training Opportunities**

Michael Villanueva, Executive Assistant, presented the board the Pension Review Board Minimum Education Training (MET) training report. The MET training report states how many hours are needed by each board member. Michael mention to the board the training opportunities that are coming up with the Pension Review Board webinar, SAFE-D Conference, and TEXPERS Conference, if any of the board members are interested attending. Jessica mention the International Foundation Membership if the board was interested in joining. The board stated that the rates for membership was too high of cost and that they are not interested in joining.

### **14) Proposed Board Meeting Dates, Locations and Agenda Items**

Jessica O'Brien proposed the following next board meeting dates:

- February 22, 2024 in Irving, Texas at SAFE-D Conference
- February 29, 2024 in Austin, Texas
- May 30, 2024 in Austin, Texas

The board members agreed for February 29<sup>th</sup>.

No Motion was taken on these agenda item.

### **15) Adjourn**

Vice Chair Romero called for a second motion to adjourn at 11:56 a.m. The second motion was made by Trustee Ryalls, and unanimously passed by the board.

Minutes Approved by:

\_\_\_\_\_  
Pilar Rodriguez, Chairman

\_\_\_\_\_  
02/29/2024

Date