

**Texas Emergency Services Retirement System**

Board Meeting Minutes

May 25, 2023 8:30 a.m.

Hilton Austin Airport - Wildflower Room  
9515 Hotel Drive, Austin, TX 78719

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**Members Present:**

Pilar Rodriguez, Chairman  
Jerry Romero, Vice Chair  
Matthew Glaves, Trustee  
Rod Ryalls, Trustee  
Brian Smith, Trustee  
Nathan Douglas, Trustee

**Members Absent:**

Edward Keenan, Secretary  
Stephanie Wagner, Trustee  
Brad Landi, Trustee

**Staff and Others Present:**

Tiffany White, Executive Director, TESRS  
Jessica O'Brien, Data & Technology Officer, TESRS  
Scott Miller, Business Development, TESRS  
Tiara Bouldwin, Benefits Specialist, TESRS  
Susan Johnson, Staff Service Officer, TESRS  
Rosalind Hunt, Assistant Attorney General  
George Peterson, CIBZ Cybersecurity Services  
Kim Bradley, CIBZ Cybersecurity Services  
Jon Breth, AndCo Consulting L.L.C.  
Mark Fenlaw, Rudd and Wisdom, Inc.  
Chuck Campbell, Jackson Walker, L.L.P.  
A.J. Weber, Lauterbach & Amen, L.L.P.  
Lindsey Rappeport, Lauterbach & Amen, L.L.P.

Chairman Rodriguez called the meeting to order at 8:30 a.m.

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

Tiara Bouldwin, Benefits Specialist, called the roll. Six board members were present. Trustee Keenan, Trustee Wagner and Trustee Landi were absent. Chairman Rodriguez announced that a quorum of the board was present.

**2) Invitation for Public Comment**

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

No action was taken on this agenda item.

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### **3) Approval of Minutes for February 16, 2023**

Trustee Graves moved to adopt the minutes for February 16, 2023 as presented. The motion was seconded by Vice Chair Romero and unanimously passed by the board.

### **4) Investment Consultant Report on Investment Performance**

#### **A. Investment Performance Report for Quarter Ending March 31, 2023**

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

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

Jon Breth, CFP, AndCo Consulting LLC, presented his report entitled *Investment Performance Report for the Quarter Ending March 31, 2023*. Mr. Breth report included an overview of the market environment and economy, domestic and international equities, fixed income, and market themes.

Mr. Breth did not see a need to make reallocations at this time. Mr. Breth recommend maintaining Allspring Emerging Markets and Jackson Square on the Watch List.

Mr. Breth stated that TESRS had received a letter from Glenn Hegar, Texas Comptroller of Public Accounts about the oil and gas industry. The State of Texas had put out a list of prohibited sites and funds that they didn't want public retirement systems investing in. Mr. Breth confirmed that BlackRock multi asset income is not on the list. Comptroller Hegar would like to see public systems in Texas move away from relationships with these firms, especially with Black Rock.

Mr. Breth stated at this time that the only formal investment recommendation would be fully liquidate the Black Rock multi asset income fund and roll the proceeds of that liquidation into cash.

Vice chair Romero moved to accept the Investment Performance Report for Quarter Ending March 31, 2023. The motion was seconded by Trustee Ryalls and unanimously passed by the board.

Vice chair Romero moved to accept the Investment Manager Watch List Report. The motion was seconded by Trustee Ryalls and unanimously passed by the board.

Vice chair Romero moved to accept the recommendation to liquidate Black Rock multi asset income fund and roll the liquidation proceeds into cash. The motion was seconded by Trustee Smith and unanimously passed by the board.

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### **5) Cybersecurity Consultant Security Report**

Kim Bradley, CBIZ Risk and Advisory, presented her updated report on Cybersecurity Consultant Security Report.

Ms. Bradley discussed the key items that CBIZ Risk and Advisory, is proving to TESRS are remediating TESRS Cybersecurity Framework (CSF) Assessment reporting findings, developing TESRS cybersecurity policies & procedures, conducting cybersecurity awareness training and addressing TESRS cybersecurity question, concerns and guidance.

Ms. Bradley discussed prohibited technologies security policy to address Governor Abbott requiring that all state agencies prohibit the TikTok video-sharing applications on state-owned and state-issued devices and networks over the Chinese Communist Party's ability to use the application for surveilling Texas. TESRS has created a policy with the assistance of CBIZ to address this issue and has been given a formal approval by BPS was accepted.

Ms. Bradley described the Cybersecurity Awareness and Training that was conducted on-site for TESRS staff on May 11, 2023. The training topics were Data Classification, Data Encryption & Email Encryption, Inappropriate Use of Email and Digital Signatures.

Ms. Bradley discussed some items that are in progress with TESRS such as drafting the polices for Telework, Data Classification & Management and Electronic Communication. These policies are currently under the review process.

Ms. Bradley discussed about the Annual Security Awareness training conducted in May and will have follow up training in June 2023 with other topics.

Ms. Bradley noted that that the next steps planned for June 2023 through December 2023, to finalizing polices on Telework, Data Classification & Management and Electronic Communication and conduct the annual cybersecurity awareness training. That CBIZ will continue to help remediate the cybersecurity assessment report findings. Then draft additional policies and plans, expected to included are Acceptable Use Policy, Configuration Management Policy, Incident Response and Reporting Policy & Plan, Business Continuity Policy & Plan and, Disaster Recovery Policy & Plan.

No motion was taken on this agenda item.

### **6) Revocation of Department Participation**

Mark Fenlaw, Rudd and Wisdom, Inc. and Chuck Campbell, Jackson Walker, L.P.P, presented Departmental Revocation of Participation Report.

Mr. Fenlaw, informed the board that a participating department had requested the revocation in 2021. They had thought they had completed the process of revocation, until

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they had received a bill. The department questioned why they were getting a bill, until they realize that it was on the pay as you go basis from TESRS funds years ago. They wanted to pay the bill off, but that's a separate contract from reputation. In the account where they didn't do the reputation, they wanted to do the revocation.

Mr. Fenlaw stated that he had calculated the charge and realized for the first time that there is an extreme change in the net pension liability from one-year from the audit financial report to next year audit financial report. It went from \$10 million dollars in end of 22 fiscal year to \$41 million dollars at the end of 22 fiscal year. Because of the very adverse investment experience in 2022.

Mr. Fenlaw realize in the rules it specifies using the last alternative report, yet it specifies using the average of two contribution percentages. Mr. Fenlaw thought it would reduce volatility if you can average the last two audit financial reports on the net pension liability. That the rules would need to have less volatile revocation charges. Mr. Fenlaw suggest the rules could be amended and do we want to include in the revocation paying off the pension obligations that are paid on a pensioner. Who basically there would be no more billing to that department. There two issues, both related to the revocation rules that are in board rule 304. Mr. Fenlaw and Mr. Campbell had discussion about this rule and two issues.

Mr. Campbell, Jackson Walker, L.P.P. informed the board that this was his first time presenting to them. Mr. Campbell wanted to give a background about his experience in employee benefits, executive compensation and public pension plans.

Mr. Campbell and Mr. Fenlaw gave overview and examples about Rule 304 Departmental Revocation of Participation in the Pension System to the board. The board chairman asked if changes can be made to rule. Mr. Campbell explained that they could make changes, but there is a process in making those changes.

No motion was taken on the agenda item.

## **7) Financial Consultant Budget Report**

### **A. FY2023 Non-Appropriated Budget and Expenditures**

### **B. FY2023 Appropriated Budget and Expenditures**

A.J. Weber and Lindsey Rappeport, Lauterbacht & Amen, L.L.P. via on Zoom presented an overview on what professional service they provide to TESRS.

Mr. Weber, then presented information regarding the Appropriated Fund Budget for FY 2023 Cash Basis Expenditures as of April 2023, Non-Appropriated Fund Budget for FY 2023 (Managed) Cash Basis Expenditures as of April 2023 and Proposed Non-Appropriated Fund Budget for FY 2023.

No Motion was taken on this agenda item.

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**8) Executive Director's Report on System Activity**

Tiffany White, Executive Director, presented her report entitled TESRS Executive Director's Report. Her report covered the Pension System Activity, Cybersecurity Awareness Training, Compliance & Recruiting, Human Resources Work Plan, and Human Resources Assessment Checklist.

**A. Training, compliance, outreach, agency personnel, human resources updates**

Ms. White reported on pension systems activity report for the third quarter for March, April and May of 2023. That the pension system activity – benefits report indicated that they were on track as it relates to our application process and in benefit payments. Ms. White also discussed pension system activity transactions by department online users for the third quarter. She noted the tracking information as relates to entry of transactions by each online user by terminations to transfers. Board members had some questions regarding this report and wanted some clarification. Jessica O'Brien was able to provide answers and scenarios for this report to the board members. Ms. O'Brien will take a look at this report and provide a report with both scenarios for departments and individuals.

Ms. White presented the Compliance & Recruiting information. For compliance site visit in 2023, Scott Miller has visited 34 department so far this year. Our performance measure has been established for the agency is 48 on site visits. We are on track to complete that benchmark by the end of fiscal year. Ms. White gave kudos to Scott and the marketing department for ensuring that all of those visits take place. That we meet that benchmark and not exceed that benchmark by the end of fiscal year. For recruiting Beach City VFD has joined TESRS at a \$50 contribution and Cooper VFD joined TESRS at a \$75 contribution. Ms. White wanted to point out that this is first time in a long time that they had recruited two departments in the same quarter in many years. Ms. White wanted to give kudos to the staff for ensuring that Beach City and Cooper were on board and got all the information that they needed accomplished. Ms. White stated that Henrietta VFD, Smith Co. ESD #2 and Johnson Co. ESD are a waiting for contracts, city approvals and some other things. Will come back with more information as it relates to those 3 fire departments. Mr. Miller spoke about Johnson County about bring them onboard with TESRS pension.

Ms. White discussed training opportunities regarding Cybersecurity Awareness mandatory training for board members and staff to be completed no later than August 25th. Ms. White informed the board members that she will be sending an email to them with a link to complete mandatory training on their own time leisure. Board members had asked if they had already taken Cybersecurity Awareness training with the city or county are they still required to complete it again. Ms. White did inform them yes that they still have to complete the required Cybersecurity Awareness training.

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Ms. White informed the members about TEXPERS 2023 training from August 13th through 15th in The Woodlands, Texas. Ms. White reminded the board about required pension training. Ms. White stated that she has sent an email to board members about their training record, if they have met the training requirements. Ms. White stated that The Woodlands, Texas will host the Advanced training session. Ms. White and her staff had completed the Basic Trustee training in Austin. Ms. White said If that is something board members would like to attend. That TEXPES would like for them to register everyone at the same time. So far, we have Nathan Douglas and Ms. White to attend Advance Trustee training. Chairman Rodriguez asked does this training cover what you need with the first couple of years or is that covered everything for your continuing education, then going into like every 4th year. Chairman Rodriguez had said he knew that there's training requirement serving on this board but didn't know the certain number of hours. Ms. White stated that it is 8 hours of required training and that updated training record will be sent out.

Ms. White presented information regarding the SFFMA Conference in McAllen, Texas, which will be held from June 9th to 14th and that they are registered to attend. Ms. White has confirmed that TESRS will be presenting at the conference, which will be a huge in terms of outward facing and emerging relationship with SFFMA.

Ms. White presented agency and human resources information. Ms. White wanted to thank the board for the opportunity to allow her to hire Dr. Susan Johnson. Ms. White introduce new hire Dr. Johnson to the board members. Ms. White gave a brief description of Dr. Johnson's work history & experience to the board members. Ms. White wanted to give Dr. Johnson the opportunity to address the board on what she has been working on since joining TESRS.

Dr. Johnson address the board members on what she has been working on since she started working with TESRS in April 2023. Dr. Johnson covered information from administration side of TESRS. Dr. Johnson stated that she has met with Jessica O'Brien, Data & Technology Officer regarding agency policies and procedures that they are outdated and not stored in a central location.

Dr. Johnson wanted to walkthrough her work plan with the board. Dr. Johnson work plan was to first hire staff members to join TESRS and they have posted for two positions for executive assistant and contract specialist. Dr. Johnson explain that the contract specialist position requires that they have a contract manager or contract certification, that the Comptroller's office develops. Dr. Johnson said if the employee doesn't have the certification that some agencies will allow the employee up to six months or a year to complete the training. The agency is taking the risk because what happens if you hire the employee, but they still can't pass the certification test. Dr. Johnson said it's best to bring employees with the certification still active. Dr. Johnson also address the issue they are having regarding the application pool currently for the executive assistant position. Dr. Johnson said the issues is due that some applicants are

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not meeting the criteria for the job or withdrawing their application due to finding other jobs with higher pay. Dr. Johnson stated that they had to go back and repost the position and plan to interview two more candidates the first week of June. What we are trying to find in the pool of candidates is who has the skills set. Especially in a small agency you need staff with skill sets that can fill in for other staff members. Currently state agencies are onboard with the CAPPs system, which used for purchasing, finance, and hiring. We are really wanting to bring in somebody with those experience. Regarding the contract specialist position, we had to repost that position until filled. So that means we received applications every day until we are able to find a perfect fit. Hopefully by next board meeting we are to hire someone in those positions. Chairman Rodriguez asked if we are posting at the current salary ranges. Dr. Johnson said yes, we are using the current salary ranges. Chairman Rodriguez said once the legislation is over and new salary ranges gets approved will that make a difference. Dr. Johnson stated that it will make a little difference.

Dr. Johnson discussed that she is currently working on the employee handbook. She is currently looking at policies, not procedures. Dr. Johnson stated certain policies that she is looking at that impact employees which includes cybersecurity, sexual harassment, telework, and dress code. Everything that an employee needs to know when they are hire needs to be put into a handbook. That everyone is getting the same information and it will be consolidated into one document. Once approved and completed everyone would be reading from the same textbook. Dr. Johnson said that she is working on going through the electronic files and looking at the last policies that were developed. She was able to discover that there is a gap where there was no policy. Some old policies needed to be revised and that would be a major project. Dr. Johnson mentioned to staff at a staff meeting that they needed to develop standing operating procedures on how you do things in every division or unit. The procedures would help in case someone is out of office or someone leaves agency, that the person is able to fill in the meantime. But also, when a new person comes onboard these procedures will help train them. These procedures would help cross train employees as well. Dr. Johnson discussed about performance plan and job descriptions another project that she is working on. The performance plan would help the employee know how they are doing in job and if any improvements are needed.

Dr. Johnson spoke about other mandatory training such as human resources training that is required from employee. She needed to see how we do it and how we documented that information.

Dr. Johnson brought up about the HR assessment tool which is used by the state auditor's office uses when they come out and do a compliance review of HR division in all agencies. These are the expectations they have for a small or big agency to have their HR complete all these functions. That this is her primary focus to work on and complete before she leaves. Dr. Johnson informed the board that she will give a report at the next board meeting regarding HR assessment. Board member asked a question regarding evaluations and Dr. Johnson was able to provide information.

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Dr. Jonson also discussed about employee benefits such as tuition reimbursement, mental health issues and wellness that it is available for employees.

### **B. 88<sup>th</sup> Legislative Session Update**

Ms. White reported that House Bill 1, which is the general appropriations bill that it has gone through the process of the house, senate, conference committee, concurrence and now with the governor. This bill would bring all staff salaries except for Ms. White from the minimum salary to the midpoint salary range. Ms. White stated that this was hard to ask for because the senate had approved 5% salary adjustment for all state employees for FY 2024 and FY 2025.

Ms. White presented a calendar report entitled "88th Legislature, Regular Session Deadlines for Action Under House and Senate Rules" that detailed May deadlines that are intended to be a practical summary guide to the end of session deadlines for legislative session.

No Motion was taken on this agenda item.

### **9) Strategic Planning Update**

Scott Miller, Business Development, presented his handout entitled Texas Emergency Services Retirement System Strategic Plan Update to describe the action taken to address the goals. He explained that special projects had been organized to address goals identified by the board in order to:

- Increase membership
- Create a Marketing and Branding Plan
- Build a Legislative Relationship

Mr. Miller presented his report for increased membership and outcome he explained since the last board meeting he has identified and contacted 46 departments with no new activity since July 2021 about membership, 19 departments have participated and enrolled 63 new members.

Mr. Miller reported about the benefit poster being updated and delivered for existing departments, so far in 2023 we have delivered to 34 departments.

Mr. Miller asked each board member if they had business cards. If someone didn't have any business card they would order some.

Mr. Miller stated that he met with some of the board members and director of the State Firemans' & Fire Marshals Association of Texas (SFFMA). The outcome of the meeting was great and TESRS was asked to present at SFFMA Conference in June.



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Mr. Miller reported that the Outreach Committee (OC) identified 5 members from TESRS active department.

Mr. Miller gave a Social Media update report. That TESRS has established social media presence within Facebook, Twitter, Instagram and TESRS TIPS. Updated content was being sent out and has notice an increase in views has gone up and will continue to post content onto the social media pages. He attended the Safe-D conference in February 2023 and will be following up with those 12 qualified leads. We are about 70% completed on improving TESRS website for content and interface. Everything was good for the 30-second elevator speech.

Mr. Miller reported on developing a relationship with legislators. Mr. Miller, Ms. White and Ms. O'Brien met to create a spreadsheet of all of the House and Senate oversight committees and that was completed in December 2022. They also worked on establishing a meet and greet list of leadership office, so that Ms. White was able to provide a one-page handout to deliver TESRS message. We had contacted State Firemans' & Fire Marshals Association of Texas (SFFMA) for Firefighters Day and Mr. Zunker was able to attend the event as TESRS representative. Ms. White will continue to monitor and implement passed legislation. We haven't lost focus on identify, contact, and educate the 254 County Judges about TESRS members in their region.

Ms. White brought a request to the board members about having a retreat for strategic planning.

No motion was taken on this agenda item.

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

Chairman Rodriguez stated that the next board meeting is potentially on August 17, 2023 at the capital.

Tiffany White, Executive Director, stated that she still needs to confirm about having meeting at the capital on August 17th. Ms. White also brought the attention about the retreat if they wanted to add that day along with the board meeting and what location they wanted it to take place at. Some board members had some conflict on the location and dates of board meeting and retreat. The board members had asked Ms. White if they are able to do the board meeting on August 14th and retreat on 15th. Ms. White did confirm that those date would work out. Board members had asked if they can do the board meeting on Monday, August 14th at 1:30 p.m. and the retreat on Tuesday, August 15th 8:30 a.m. at the Hilton Austin Airport.

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**11) Personnel matters regarding the appointment, employment, compensation, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director.**

Chairman Rodriguez announced that they will not be entering into executive session.

No action was taken regarding the agenda item.


**12) Adjourn**

Chairman Rodriguez called for a second motion to adjourn at 11:16 a.m.

The second motion was made by Trustee Douglas, and unanimously passed by the board.

Minutes Approved by:

DocuSigned by:



Jerry Romero, Vice Chair

08/08/2023

Date