

**Texas Emergency Services Retirement System**  
**Board Meeting Minutes**  
**May 20, 2021 9:00 A.M.**  
Virtual Meeting Only, No Physical Location

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**Members Present via Teleconference:**

Pilar Rodriguez, Vice Chairman  
Courtney Bechtol, Secretary  
Nathan Douglas, Trustee  
Edward Keenan, Trustee  
Matt Glaves, Trustee  
Jerry Romero, Trustee  
Rod Ryalls, Trustee  
Stephanie Wagner, Trustee

**Staff and Others Present Via Teleconference:**

Shirley Hays, Executive Director, TESRS  
Jessica O'Brien, Data & Technology Officer, TESRS  
Wayne Oberhoff, CPA, Chief Financial 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  
Jonathan D. Breth, CFP, AndCo Consulting, L.L.C.  
Mark Fenlaw, F.S.A., Rudd and Wisdom, Inc.  
Rebecca Morris, A.S.A, Rudd & Wisdom, Inc.

Vice-Chairman Rodriguez called the meeting to order at 9:01 P.M.

**1. Roll Call**

Chana Kramer, Staff Services Officer, called the roll. Eight trustees were present. Chairman Moore was absent. Vice-Chairman Rodriguez announced that a quorum of the board was present.

No action was taken on this agenda item.

**2. Invitation for Public Comment**

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

No action was taken on this agenda item.

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**3. Minutes of Board Meeting on May 13, 2021 – Discussion and Possible Action**

Secretary Bechtol moved to adopt the minutes for May 13<sup>th</sup> as presented. The motion was seconded by Trustee Keenan and unanimously passed by the board.

<b>Board Members</b>	<b>Vote</b>
Nathan Douglas	Yay
Courtney Bechtol	Yay
Jerry Romero	Yay
Edward Keenan	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Stephanie Wagner	Yay

**4. Investment Consultant Report – Discussion and Possible Action****A. Investment Performance Report for the Quarter Ending March 31, 2020****B. Investment Manager Watch List****C. Written Investment Policy and Asset Allocation**

Jonathan D. Breth, CFP, AndCo Consulting, L.L.C. presented his report entitled *Investment Performance Review Period Ending March 31, 2021*, which contained a recap of investment activity seen during the first quarter of 2021. Mr. Breth described the market conditions that have contributed to positive gains seen during the quarter, including the American Rescue Plan and deployment of COVID-19 vaccines. Mr. Breth briefly summarized the performance of each of the system's asset allocations, as well as the bond market. Mr. Breth explained that some rebalancing was necessary partly due to the success of the equities market, which is trading at near-record levels, and he provided the board with a handout detailing a draft rebalancing schedule.

<b>Asset Class</b>	<b>Amount</b>	<b>Percent</b>
Domestic Equities	\$45,128,628	33%
International Equities	\$ 28,888,256	21%
Fixed Income	\$42,321,100	31%
US Core Real Estate	\$10,134,256	8%
Master Limited Partnership	\$2,088	0%
Multi-Asset Investments	\$9,695,216	7%
Money Market	\$230,926	0%
<b>Total</b>	<b>\$136,400,470</b>	<b>100.0%</b>

See page 12 of Texas Emergency Services Retirement System Investment Performance – Period Ending March 31, 2021.

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<b>Comparative Performance</b>	<b>Qtr</b>	<b>FYTD</b>	<b>YTD</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>7 Yr</b>	<b>Inception</b>
Total Retirement System (Net)	2.29%	12.62%	2.29%	41%	10.02%	10.54%	7.01%	7.03%
Total Fund Policy (Net)	1.84%	10.29%	1.84%	37.25%	8.88%	9.80%	7.00%	7.80%
<b>Difference</b>	0.45%	2.33%	0.45%	3.75%	1.14%	0.74%	0.01%	-0.77%

See page 14 of Texas Emergency Services Retirement System Investment Performance – Period Ending March 31, 2021

During his discussion about the system's asset allocation, Mr. Breth advised the board that he is expecting a \$5 million capital call from IFM Global Infrastructure Fund in the later part of this year.

Mr. Breth moved on to provide a brief overview of the performance of the system's money managers. He advised that Boston Partners had demonstrated some underperformance in the past but had recently moved ahead of the benchmark. He further advised that Clearbridge has been consistently underperforming over the last several quarters. Mr. Breth noted that he felt that upcoming market conditions would likely improve their performance in the future but did recommend that the board place them on the watch list.

Mr. Breth did not recommend any changes to the investment policy.

Secretary Bechtol made a motion to accept the investment consultant's recommendation to place Clearbridge on the watch list based on performance concerns. The motion was seconded by Trustee Romero and passed unanimously by the board.

<b>Board Members</b>	<b>Vote</b>
Nathan Douglas	Yay
Courtney Bechtol	Yay
Jerry Romero	Yay
Edward Keenan	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Stephanie Wagner	Yay

## 5. Vendor Risk Assessments, Denim Group (Closed Session)

Vice-Chairman Rodriguez announced at 9:37 A.M. that the board would convene in executive session to discuss Agenda Item 4 under Texas Government Code Section 551.089 to discuss the vendor risk assessments associated with the system's electronic information and technology systems. Vice-Chairman Rodriguez advised that no action would be taken in closed session and that the board would reconvene in open session at the end of executive session.

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Secretary Bechtol left the meeting at 9:57 A.M.

The board returned to open session at 10:03 A.M. Vice-Chairman Rodriguez advised that no action was taken during the executive session and moved to Agenda Item 6.

No action was taken on this agenda item.

## 6. Actuarial Audit Final Report – Discussion and Possible Action

Mark Fenlaw, F.S.A., Rudd and Wisdom, Inc. provided the board with an overview of the TESRS written response to the findings of the actuarial audit that was performed by Gabriel, Roeder, Smith & Company. His overview included responses to Key Findings, Demographic Assumptions, Economic Assumptions, Actuarial Methods, Actuarial Valuation Results, and Content of Valuation Report. Mr. Fenlaw advised that the response was included in the final report in keeping with the actuarial audit process in Texas Government Code Section 802.2012.

Trustee Glaves moved to accept the Actuarial Audit Final Report to include the system's response to GRS' findings and recommendations, the motion was seconded by Trustee Romero and passed unanimously by the board.

Board Members	Vote
Nathan Douglas	Yay
Jerry Romero	Yay
Edward Keenan	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Stephanie Wagner	Yay

## 7. Actuarial Services Request for Proposals, Board Member Appointment to Evaluation Committee –Discussion and Possible Action

Vice-Chairman Rodriguez appointed Trustee Ryalls to chair the Evaluation Committee for system Actuarial Services and both Trustee Keenan and himself to serve on the committee.

Trustee Wagner left the meeting at 10:09 A.M.

No action was taken on this agenda item.

## 8. Executive Director's Report

- A. **System Administrative and Financial Activity**
- B. **Annual Reporting – Closeout**
- C. **Recruiting and Technical Assistance**

Shirley Hays, Executive Director, presented her report entitled *Texas Emergency Services Retirement System Executive Director's Report May 20, 2021*. Her report covered system administrative and financial activity, annual reporting updates, technical assistance

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activity, and an upcoming participant department training plan. In response to a question from Trustee Romero, Scott Miller, Business Development, provided the board with a summary of recent recruiting activity.

No action was taken on this agenda item.

**9. Future Agenda Items and Meeting Dates**

Vice-Chairman Rodriguez announced that the next board meeting would be held on June 17, 2021 at 9 am and would include a legislative update and the quarterly expenditure report.

No action was taken on this agenda item.

**10. Adjourn**

Vice-Chairman Rodriguez requested a motion to adjourn at 10:42 A.M.

A motion to adjourn was made by Trustee Romero, seconded by Trustee Keenan and unanimously passed by the board.

Minutes Approved by:

DocuSigned by:  
  
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Courtney Bechtol, Secretary

6/17/2021 | 17:37:58 EDT

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Date