

Texas Emergency Services Retirement System
Board Meeting Minutes
March 18, 2021 9:00 a.m.
Virtual Meeting Only, No Physical Location

Members Present via Teleconference:

Jenny Moore, Chairman
Nathan Douglas, Trustee
Edward Keenan, Trustee
Jerry Romero, Trustee
Rod Ryalls, Trustee
Stephanie Wagner, Trustee

Staff and Others Present Via Teleconference:

Shirley Hays, Interim Executive Director, TESRS
Jessica O'Brien, Data & Technology Officer, TESRS
Wayne Oberhoff, CPA, Chief Financial Officer, TESRS
Chana Kramer, Staff Services Officer, CTCD, CTCM, TESRS
David Gordon, Assistant Attorney General
Jonathan D. Breth, CFP, AndCo Consulting, L.L.C.
Alyca Garrison, Jackson Walker, LLP

Chairman Moore called the meeting to order at 9 a.m.

1. Roll Call

Chana Kramer, Staff Services Officer, called the roll. Six trustees were present. Vice Chairman Rodriguez, Trustee Graves and Secretary 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 February 25th

Trustee Keenan moved to adopt the minutes as presented, the motion was seconded by Trustee Wagner and unanimously passed by the board.

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

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

Asset Class	Amount	Percent
Domestic Equities	\$43,515,096	32.3%
International Equities	\$27,863,901	20.6%
Fixed Income	\$43,695,408	32.4%
US Core Real Estate	\$10,042,022	7.4%
Master Limited Partnership	\$2,088	0%
Multi-Asset Investments	\$9,495,563	7.0%
Money Market	\$131,599	0%
Total	\$134,745,677	100.0%

Comparative Performance	Qtr	FYTD	YTD	1 Yr	3 Yr	5 Yr	7 Yr	Inception
Total Retirement System	12.18%	10.10%	14.36%	14.36%	9.3%	10.18%	6.88%	7.00%
Total Fund Policy	10.05%	8.29%	9.94%	9.94%	7.74%	9.56%	6.95%	7.80%
Difference	2.13%	1.81%	2.05%	4.42%	1.56%	0.62%	-0.07%	-0.80%

Jonathan D. Breth, CFP, AndCo Consulting, L.L.C., provided the Board with an overview of his firm's report entitled *Investment Performance Review for Period ending December 31, 2020 Texas Emergency Services Retirement System*. Mr. Breth began by giving the Board a brief update on his firm, AndCo Consulting. He then moved on to describe the market environment during the 4th quarter of 2020. Mr. Breth advised that the market saw a huge rebound during this time and briefly described the performance of each of the System's investment classes. Mr. Breth further advised that the current asset allocations were in line with long term targets, and he did not recommend any actions by the board.

Mr. Breth noted that none of the System's money managers were currently on the watch list, and he did not recommend any watch list actions based on the performance of the quarter.

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

No action was taken on this agenda item.

Chairman Moore moved to Agenda Item 6.

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6. Jackson Walker, LLP, Legislative Update – Discussion and Possible Action

Alyca Garrison of Jackson Walker, presented her handout entitled *For Discussion Purposes Only-Pension Related Bills-87th Legislative Session*. Ms. Garrison advised that the deadline for bill filing had passed.

- General Pension Bills

Ms. Garrison described SJR 22 and advised that it was uncertain if this bill would pertain to TESRS, but that the sponsor of the bill, Senator Huffman, had indicated to Shirley Hays, Interim Executive Director, that it was not intended to impact TESRS or TESRS funding. She then provided a brief description of proposed HB 867, HB 4566, and HB 3898 and how they could potentially affect TESRS.

- Investment-Related Bills

Ms. Garrison briefly summarized SB 1372, SB 13, HB 2189, SB 1158, and HB 4536 and how they could potentially affect TESRS.

She also noted that there were multiple other bills filed that could have implications to TESRS, including public safety (COVID presumption for first responders), Texas Open Meetings Act, and Texas Public Information Act.

No action was taken on this agenda item.

7. Executive Director's Report

A. System Administrative and Financial Activities for the Period Ending February 28, 2021

B. Compliance Project Outcomes – Participating Department Training Plan

Shirley Hays, Interim Executive Director, provided an overview of her presentation entitled *Executive Director's Report on System Administration for the SFY Quarter Ending February 28, 2021*. Ms. Hays began by describing the "office manager" strategy that TESRS staff have been utilizing, which requires fewer employees in the office without lowering productivity.

Ms. Hays then moved on to summarize the current status of annual reporting. She described the process by which participating departments submit the form and the importance of the report. In response to a question from Chairman Moore, she advised that 146 departments had submitted annual reports and 51 departments had not.

Ms. Hays then provided a summary of activity during SFY Q2 including Benefit Payments and Contribution Revenue, System statistics, compliance and recruitment activity, and provided the board with an update on the compliance project by outlining a participating department training plan.

Ms. Hays welcomed to TESRS new Benefits Specialist, Tamika Hobby. Ms. Hobby introduced herself and shared that she has worked for the State of Texas for 14 years.

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No action was taken on this agenda item.

8. Authority to Issue Request for Proposal for Actuarial Services – Discussion and Possible Action

Shirley Hays advised the board that the System's current actuarial service contract will expire on August 31, 2021 and requested the board's authority to issue a Request for Proposals in order to solicit competitive proposals from qualified firms. Ms. Hays advised that the expected contract effective date would be September 1, 2021.

Trustee Romero moved that the board authorize staff to issue a Request for Proposal for Actuarial Services. The motion was seconded by Trustee Keenan and unanimously passed by the board.

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

5. Chief Financial Officer's Report – Discussion and Possible Action

A. Non-appropriated Fund Budget as of February 28, 2021

B. Appropriated Fund Budget as of February 28, 2021

Wayne Oberhoff, Chief Financial Officer, presented his handouts entitled *Non-Appropriated Fund Budget for FY 2021, Cash Basis Expenditures as of February 28, 2021, and Texas Emergency Services Retirement System Appropriated Fund Budget FY2021 through Second Quarter*. Mr. Oberhoff advised that approximately 45% of the non-appropriated budget had been spent this fiscal year and briefly described the spending summary for each vendor paid. He then moved to the appropriated fund budget and noted that 47.8% of the budget had been spent as of February 28, 2021.

No action was taken on this agenda item.

9. Future Agenda Items and Meeting Dates

Chairman Moore announced that at the April 15th meeting:

- GRS will be presenting their actuarial audit report
- Staff will seek authority to issue an RFQ for outside counsel
- An overview of the Pension Review Board's trustee training requirements will take place
- Denim Group will discuss cybersecurity

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Chairman Moore explained that, for safety reasons, she would like to continue virtual meetings through the end of the fiscal year.

Chairman Moore also announced that the next meeting would be on the third Thursday of April.

Shirley Hays explained that the required cybersecurity training for the board needs to be completed by June, and staff would arrange training sessions in order to meet the deadline.

No action was taken on this agenda item.


Chairman Moore moved to Agenda Item 10.

10. Adjourn

Chairman Moore requested a motion to adjourn at 10:33 a.m.

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

Minutes Approved by:

DocuSigned by:

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Jenny Moore, Chairman

6/11/2021 | 11:50:38 CDT

Date