

Texas Emergency Services Retirement System
Board Meeting Minutes
May 19, 2022 8:00 A.M.
Hilton Austin Airport - Chennault Room
9515 Hotel Drive, Austin, Texas 78719

Members Present:

Jenny Moore, Chairman
Pilar Rodriguez, Vice Chairman
Jerry Romero, Secretary
Matt Graves, Trustee
Rod Ryalls, Trustee
Edward Keenan, Trustee
Stephanie Wagner, Trustee

Members Absent:

Courtney Bechtol, Trustee
Nathan Douglas, Trustee

Staff and Others Present:

Shirley Hays, Executive Director, TESRS
David Tropea, CPA, Chief Financial Officer, TESRS
Jessica O'Brien, Data & Technology Officer, TESRS
Chana Kramer, Contract Specialist, CTCD, CTCM, TESRS
Scott Miller, Business Development, TESRS
Cassandra Davis, CTCD, CTCM, Staff Services Officer, TESRS
Jonathan D Breth, CFP, AndCo Consulting LLC
Kevin Collins, CFA, Fred Alger Management
John Dashtara, CFA, Fred Alger Management
Edmund Grant, CFA, CAIA, MFS Investment Management
Scott Edgcomb, CFA, MFS Investment Management
Rosalind Hunt, Assistant Attorney General

Chairman Moore called the meeting to order at 8:02 a.m.

1. Roll Call and Excuse of Board Member Absences

Chana Kramer, Contracts Specialist, called the roll. Six board members were present. Vice Chairman Rodriguez and Trustees Douglas and Bechtol were absent. Chairman Moore announced that a quorum of the board was present.

Chairman Moore called for a motion to excuse the absent members. The motion to excuse the absent members was made by Trustee Graves, seconded by Trustee Wagner and unanimously passed by the board.

Vice Chairman Rodriguez joined the meeting at 8:05.

2. Invitation for Public Comment

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

No action was taken on this agenda item.

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3. Minutes for April 14, 2022

Trustee Glaves moved to adopt the minutes for April 14, 2022 as presented. The motion was seconded by Secretary Romero and unanimously passed by the board.

Board Members	Vote
Pilar Rodriguez	Yay
Jerry Romero	Yay
Edward Keenan	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Stephanie Wagner	Yay

4. Domestic Equity Fund Manager Presentations**A. Fred Alger Management, Inc.****B. MFS Investment Management**

Jon Breth provided an introduction for the two domestic equity fund manager presentations. He advised that AndCo had identified two potential managers to replace Clearbridge, Fred Alger Management, Inc. and MFS Investment Management, and that they would both be making a presentation.

Kevin Collins and John Dashtara, Fred Alger Management, presented their handout entitled *Alger Capital Appreciation Strategy*. The handout included an introduction to Alger, a summary of Alger's investment process and philosophy, and an overview of Alger capital appreciation strategy. They concluded their presentation by describing their fee structure.

Scott Edgcomb and Edmund Grant, MFS Investment Management, presented their handout entitled *MFS Growth Fund*. The handout included a firm summary of MFS, an investment and strategy overview, and a description of their focus on research. In response to a question from Mr. Breth, Mr. Grant explained their fee structure.

No action was taken on this agenda item

5. Selection of Domestic Equity Fund Manager

The board discussed the merits of each firm's strategy and fee structure. Trustee Wagner noted that both firms had good reputations and a similar strategy. Secretary Romero explained that although Alger's has more risk, he felt they had the infrastructure in place to manage the risk. Trustees Glaves and Wagner agreed.

Trustee Wagner moved that pursuant to the board's investment authority under Texas Government Code Section 865.008, the board will replace Clearbridge Large Cap Growth strategy with Alger Capital Appreciation; and in support of this motion, she moved that the board authorize staff to work with AndCo to complete any needed legal review and completion of documents to facilitate the liquidation of Clearbridge and the funding of the new manager. The motion was seconded by Secretary Romero and unanimously passed by the board.

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Board Members	Vote
Pilar Rodriguez	Yay
Jerry Romero	Yay
Edward Keenan	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Stephanie Wagner	Yay

The board reconvened at 10:09 A.M. after a brief break.

6. Investment Consultant Report on Investment Performance

- A. Investment Performance Report for Quarter Ending March 31, 2022**
- B. Investment Watch List**
- C. Written Investment Policy and Asset Allocation**

Jon Breth presented his report entitled *Investment Performance Review Period ending March 31, 2022*. His report included an overview of the market environment and economy for Q1 2022, domestic and international equities, fixed income, and market themes. Mr. Breth gave an overview of the system's asset allocations and then went on to summarize the performance of each of the system's money managers.

Mr. Breth noted that IFM Global Infrastructure had been funded and that staff were also in the process of making an additional investment in Morgan Stanley Prime Property and that he expected a capital call around the end of the quarter in an effort to slowly build up the real estate allocation.

Mr. Breth briefly summarized the performance issues the system has experienced with Clearbridge and outlined the process that will be taken to transition funds to Fred Alger Management. Lastly, he recommended that Allspring remain on the watch list.

Secretary Romero moved that the board maintain Allspring Emerging Markets on the watch list. The motion was seconded by Trustee Wagner and unanimously passed by the board.

Board Members	Vote
Pilar Rodriguez	Yay
Jerry Romero	Yay
Edward Keenan	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Stephanie Wagner	Yay

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7. Investment Practices and Performance Evaluation – Authorization to Contract

Chana Kramer, Contracts Specialist, presented her memorandum entitled *Request to Negotiate a Contract with RVK Inc.* Ms. Kramer requested the board's authority to negotiate a contract with RVK Inc. for investment practices and performance evaluation (IPPE) services. These services are required in order to complete the required IPPE report that is due to the Pension Review Board under Texas Government Code §802.109. Ms. Kramer stated that RVK Inc. indicated in their bid submission that they were somewhat flexible on their proposed fee of \$45,000. Trustee Graves requested that Ms. Kramer attempt to negotiate a lower price for the services.

Trustee Graves then moved that pursuant to the board's investment authority under Government Code Section 865.008, that the board authorize staff to take any and all necessary actions to execute an agreement on behalf of the Board with RVK, Inc. for Investment Practices and Performance Evaluation services for the period from June 1, 2022 through August 31, 2024 with a budget for fiscal year 2022 not to exceed \$45,000.

Board Members	Vote
Pilar Rodriguez	Yay
Jerry Romero	Yay
Edward Keenan	Yay
Matt Graves	Yay
Rod Ryalls	Yay
Stephanie Wagner	Yay

8. Establishment of Investment Consultant Request for Proposals Scoring Committee

Chana Kramer presented her memorandum entitled *Request for Evaluation Committee.* Ms. Kramer requested that the board appoint two or more members to serve on the evaluation and scoring committee for the upcoming Investment Consultant RFP.

Chairman Moore appointed Secretary Romero and Trustees Keenan and Wagner to serve on the committee.

No action was taken on this agenda item.

9. Update on Board Strategic Planning Activities

Scott Miller, Business Development, presented his handout entitled *Texas Emergency Services Retirement System Strategic Planning Update* for some of the goals discussed at the strategic planning retreat that was held in April. He explained that the board had set goals of increasing membership, marketing and branding, telling the story of TESRS, and building a legislative relationship. He then provided the board with an update of the actions taken since the last meeting and potential next steps.

No action was taken on this agenda item.

The board returned from a break for lunch at 12:37 p.m. and moved to Agenda Item 10.

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10. Security Assessment and Penetration Test

Chairman Moore announced that at 12:39 p.m. on May 19, 2022 the board would go into closed session pursuant to Government Code Section 551.089 to discuss security assessments or deployments relating to information resources technology under Agenda Item 10 and stay in closed session pursuant to Government Code Section 551.074 to discuss personnel matters under Agenda Item 12(A) and (B). The Board requested that all non-board members leave the room, except for Legal Counsel, Shirley Hays, and David Tropea. The following people were asked to remain nearby so they could be called in as needed: Chana Kramer.

The board returned to open session at 1:17 p.m.

Chairman Moore announced that no action was taken during the executive session.

No action was taken regarding this agenda item.

11. Increase in Funding for Information Technology Services Budget

Trustee Glaves moved that the line item for IT services in the 2022 board budget be increased by \$10,000 for programming to improve information security. The motion was seconded by Trustee Keenan and unanimously passed by the board.

Board Members	Vote
Pilar Rodriguez	Yay
Jerry Romero	Yay
Edward Keenan	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Stephanie Wagner	Yay

12. Personnel matters regarding the appointment, employment, compensation, evaluation, reassignment and duties of the Executive Director, and for selection of an Interim Executive Director.**A. Resignation/Retirement of the Executive Director****B. Appointment of Interim Executive Director****C. Establishment of the Executive Director Hiring Committee**

Chairman Moore announced that she had received and accepted the resignation of Shirley Hays as TESRS Executive Director. She stated that the board would be appointing an Interim Executive Director.

Trustee Keenan moved that David Tropea, CFO, be appointed as Interim Executive Director effective May 16, 2022 at an annual salary to be determined. The motion was seconded by Trustee Wagner.

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The motion was amended by Vice-Chairman Rodriguez to include a yearly salary amount of \$101, 200 for David Tropea until a time that a permanent Executive Director is hired. The amended motion was seconded by Trustee Wagner and unanimously passed by the board.

Board Members	Vote
Pilar Rodriguez	Yay
Jerry Romero	Yay
Edward Keenan	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Stephanie Wagner	Yay

Chairman Moore then announced that she was appointing Secretary Romero and Trustees Ryalls and Glaves to serve on the hiring committee for TESRS Executive Director.

13. Proposed Board Meeting Dates and Agenda Items

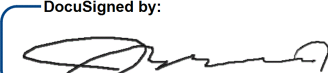
Chairman Moore announced that the next board meeting was scheduled for August 18th, 2022. She noted that she had a conflict, but Vice-Chairman Rodriguez would be available to preside over the meeting. Chairman Moore noted upcoming agenda items would be:

- Hiring Committee Update
- Quarterly Investment Report
- Election of Board Officers
- IPPE Report
- Strategic Planning Update
- Asset Allocation Adjustment
- LAR Update

14. Adjourn

Trustee Wagner moved to adjourn the meeting at 1:38 p.m., the motion was seconded by Trustee Ryalls and unanimously passed by the board.

Minutes Approved by:

DocuSigned by:

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Jerry Romero, Secretary

8/29/2022 | 10:19:13 MDT

Date