

**Texas Emergency Services Retirement System**  
**Board Meeting Minutes**  
**August 11, 2020 12:00 p.m.**  
Virtual Meeting Only, No Physical Location

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**Members Present via Teleconference:**

Jenny Moore, Chairman  
Pilar Rodriguez, Vice-Chairman  
Courtney Gibson Bechtol, Secretary  
Nathan Douglas, Trustee  
Matt Glaves, Trustee  
Ed Keenan, Trustee  
Jerry Romero, Trustee  
Rod Ryalls, Trustee  
Stephanie Wagner, Trustee

**Staff and Others Present Via Teleconference:**

Kevin Deiters, Executive Director, TESRS  
Shirley Hays, Contract Manager, CTCM, TESRS  
Jessica O'Brien, Data and Technology Officer, TESRS  
Scott Miller, Business Development, 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.  
John Posey, Analyst, Legislative Budget Board  
Brian Leach, CFA, PIMCO Investments L.L.C.  
Rushant Sanathara, PIMCO Investments L.L.C.

Chairman Moore called the meeting to order at 12:03 p.m.

**1. Roll Call**

Chana Kramer, Staff Services Officer, called the roll. Nine trustees were present. No trustees were absent. Chairman Moore announced that a quorum of the Board was present.

Chairman Moore explained that due to safety concerns related to COVID-19, the meeting would be virtual. Chairman Moore further explained that for clarity, voting would be done by roll call.

Ms. Moore announced that Governor Abbott had made three appointments to the TESRS Board of Trustees on July 29, 2020. She introduced Trustees Douglas, Glaves, and Romero to the Board. They replaced outgoing Trustees Torres, Key and Allen.

**2. Invitation for Public Comment**

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

No action was taken regarding this agenda item.

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**3. Interview of Global Fixed-Income Fund Manager (PIMCO Diversified Income Fund)**

Jonathan Breth, AndCo Consulting L.L.C., provided the Board with an overview of the process taken by the Investment Committee to select a fund for its new target allocation of 10 percent to non-core fixed income. After concluding interviews with PIMCO and Loomis Sayles, the committee selected PIMCO Diversified Income Fund (PIMCO) as the Global fixed income fund manager finalist to interview with the Board.

Rushant Sanathara, Senior Vice President, PIMCO Investments L.L.C. and Brian Leach, CFA, Senior Vice President, PIMCO Investments L.L.C., presented their report entitled *An introduction to PIMCO's Diversified Income Fund* on behalf of PIMCO Diversified Income Fund. Their presentation included a PIMCO firm and investment team overview, diversified investment strategy and their approach to risk management.

No action was taken regarding this agenda item.

**4. Selection of Global Fixed-Income Fund - Discussion and Possible Action**

Secretary Bechtol moved pursuant to the Board's investment authority under Government Code Section 865.008 to select PIMCO diversified income fund as the Global Fixed-Income Fund Manager and to authorize the staff to take any and all action necessary to execute an agreement on behalf of the Board. The motion was seconded by Vice Chairman Rodriguez passed unanimously by the Board.

Board Members	Vote
Pilar Rodriguez	Yay
Courtney Bechtol	Yay
Nathan Douglas	Yay
Matt Glaves	Yay
Edward Keenan	Yay
Jerry Romero	Yay
Rodney Ryalls	Yay
Stephanie Wagner	Yay

**5. Investment Consultant Report on Investment Performance, Asset Allocation, and Investment Policy - Discussion and Possible Action****A. Investment Performance Report for the Quarter Ending June 30, 2020****B. Investment Manager Watch List Report - Discussion and Possible Action****C. Written Investment Policy and Asset Allocation - Discussion and Possible Action**

Mr. Breth presented his report entitled *Texas Emergency Services Retirement System Investment Performance Review – Period Ending June 30, 2020*. He provided an overview of the capital markets, the economy, and TESRS investment performance for the period ending June 30, 2020. He explained that the second quarter had seen a rapid recovery in terms of global markets and the fund is currently showing a positive position for FYTD.

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Mr. Breth provided an overview of asset allocation compliance and explained that although TESRS asset allocations were currently in a transition period, they were within allowable boundaries.

Asset Class	Amount	Percent
Domestic Equities	\$53,584,207	46.4%
International Equities	\$21,041,108	18.2%
Fixed Income	\$26,965,955	23.3%
US Core Real Estate	\$5,013,727	4.3%
Master Limited Partnership	\$2,737,563	2.4%
Multi-Asset Investments	\$5,795,449	5.0%
Money Market	\$404,461	0.4%
<b>Total</b>	<b>\$115,542,470</b>	<b>100.0%</b>

See page 13 of Texas Emergency Services Retirement System Investment Performance – Period Ending June 30, 2020.

Comparative Performance	Qtr	FYTD	YTD	1 Yr	3 Yr	5 Yr	7 Yr	Inception
Total Retirement System	16.52%	3.89%	-3.33%	20.50%	6.13%	5.23%	6.22%	6.31%
Total Fund Policy	17.25%	2.66%	-4.35%	21.14%	5.38%	5.55%	6.64%	7.28%
<b>Difference</b>	<b>-0.73%</b>	<b>1.23%</b>	<b>-0.64%</b>	<b>1.04%</b>	<b>0.75%</b>	<b>-0.32%</b>	<b>-0.42%</b>	<b>-0.97%</b>

See page 14 of Texas Emergency Services Retirement System Investment Performance – Period Ending June 30, 2020.

Mr. Breth recommended that Invesco be removed from the watch list. No funds were added to the watch list. The TESRS board placed the OFI International Growth Fund on its watch list on November 29, 2018 following the October 2018 announcement from Invesco of its intended purchase of Oppenheimer Funds. The Board monitored the acquisition of the OFI International Growth Fund during 2019 and the subsequent performance of the Invesco International Growth Fund through August 2020.

Secretary Bechtol moved to accept the investment consultant's recommendation to remove Invesco from the watch list, the motion was seconded by Trustee Wagner and passed unanimously by the Board.

Board Members	Vote
Pilar Rodriguez	Yay
Courtney Bechtol	Yay
Nathan Douglas	Yay
Matt Glaves	Yay
Edward Keenan	Yay
Jerry Romero	Yay
Rodney Ryalls	Yay

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Stephanie Wagner	Yay
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**6. Consultant Services Agreement Extension - Discussion and Possible Action**

Kevin Deiters presented his memorandum entitled *Investment Consultant Services Agreement Extension AndCo Consulting LLC*. He recommended that the Board extend the contract for an additional one-year term.

Secretary Bechtol moved to extend the Investment Consultant Services Agreement with AndCo Consulting LLC for an additional one-year term effective January 1, 2021 in an amount not to exceed \$75,000. The motion was seconded by Trustee Romero and passed unanimously by the Board.

Board Members	Vote
Pilar Rodriguez	Yay
Courtney Bechtol	Yay
Nathan Douglas	Yay
Matt Glaves	Yay
Edward Keenan	Yay
Jerry Romero	Yay
Rodney Ryalls	Yay
Stephanie Wagner	Yay

**7. Approval of Minutes for June 11, 2020**

Trustee Keenan moved to adopt the minutes of June 11, 2020 as presented. Trustee Ryalls seconded the motion, and the motion was passed by votes of six in favor of the motion and two abstentions.

Board Members	Vote
Pilar Rodriguez	Yay
Courtney Bechtol	Yay
Nathan Douglas	Abstain
Matt Glaves	Abstain
Edward Keenan	Yay
Jerry Romero	Yay
Rodney Ryalls	Yay
Stephanie Wagner	Yay

**8. Request for Future Agenda Items and Meeting Dates**

Chairman Moore advised that the Board would meet again on August 18, 2020.

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Mr. Deiters advised the Board that the August 18<sup>th</sup> meeting agenda included:

- the actuarial experience study;
- the adoption of actuarial assumptions;
- the adoption of the FY 2021 Non-Appropriated Fund budget;
- and the Legislative Appropriations Request.

No action taken regarding this agenda item.

**9. Adjourn**

Chairman Moore requested a motion to adjourn at 1:25 p.m.

Trustee Keenan made a motion to adjourn the meeting, the motion was seconded by Trustee Romero and was passed unanimously by the Board.

Board Members	Vote
Pilar Rodriguez	Yay
Courtney Bechtol	Yay
Nathan Douglas	Yay
Matt Glaves	Yay
Edward Keenan	Yay
Jerry Romero	Yay
Rodney Ryalls	Yay
Stephanie Wagner	Yay

Minutes Approved by:

DocuSigned by:  
  
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Courtney Bechtol, Secretary

8/25/2020 | 10:17:54 EDT

Date: