

Texas Emergency Services Retirement System

Board Meeting Minutes

August 14, 2023 8:30 a.m.

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

Members Present:

Pilar Rodriguez, Chairman
Jerry Romero, Vice Chair
Edward Keenan, Secretary
Matthew Glaves, Trustee
Rod Ryalls, Trustee
Nathan Douglas, Trustee
Brad Landi, Trustee

Members Absent:

Stephanie Wagner, Trustee

Staff and Others Present:

Jessica O'Brien, Acting Executive Director, TESRS
Scott Miller, Business Development, TESRS
Tiara Bouldwin, Benefits Specialist, TESRS
Susan Johnson, Staff Service Officer, TESRS
Brent Zunker, Benefits Specialist, TESRS
Michael Villanueva, Executive Assistant, TESRS
Krystyn Garcia, Contract Manager, TESRS
Rosalind Hunt, Assistant Attorney General
Kim Bradley, CIBZ Cybersecurity Services
Jon Breth, AndCo Consulting L.L.C. (Via Zoom)
A.J. Weber, Lauterbach & Amen, L.L.P.
Lindsey Rappeport, Lauterbach & Amen, L.L.P. (Via Zoom)
Tiffany White
Annette Holmes
Alicia Duleba, Jackson Walker, L.L.P.
Chuck Campbell, Jackson Walker, L.L.P.
Brian Smith (Via Zoom)

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. Eight board members were present. Trustee Wagner was absent. Chairman Rodriguez announced that a quorum of the board was present.

2) Oath of Office

Chairman Rodriguez called on Krystyn Garcia of TESRS to administer the oath of office for Brad Landi.

No action was taken on this agenda item

3) Invitation for Public Comment

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

No action was taken on this agenda item.

4) Approval of Minutes for May 25, 2023

Vice Chairman Romero moved to adopt the minutes for May 25, 2023, 2023 as presented. The motion was seconded by Trustee Glaves and unanimously passed by the board.

5) Investment Report on Investment Performance

- A. Investment Performance Report for Quarter Ending June 30, 2023**
- B. Investment Manager Watch List Report**
- C. Written Investment Policy and Asset Allocation**

Jon Breth, CFP, AndCo Consulting LLC, via Zoom presented his report entitled *Investment Performance Report for the Quarter Ending June 30, 2023*. Mr. Breth report included an overview of the market environment and economy, domestic and international equities, fixed income, and market themes.

Mr. Breth informed the board that we did eliminate Black Rock during the *Investment Performance Report for the Quarter*.

Mr. Breth recommend maintaining Jackson Square on the Watch List and remove Allspring Emerging Markets from its position on the watch list.

Vice Chairman Romero moved to accept the Investment Performance Report for Quarter Ending June 30, 2023. The motion was seconded by Trustee Glaves and unanimously passed by the board.

Trustee Glaves moved to accept the recommendation to maintain Jackson Square on Investment Manager Watch List Report and have TESRS staff move forward with a peer review of Jackson Square. The motion was seconded by Vice Chairman Romero and unanimously passed by the board.

Vice Chairman Romero moved to accept the recommendation to remove Allspring Emerging Markets off the Watch List Report. The motion was seconded by Trustee Glaves and unanimously passed by the board.

6) Financial Budget Report

- A. FY2023 Non-Appropriated Budget and Expenditures**
- B. FY2023 Appropriated Budget and Expenditures**
- C. FY2024 Appropriated/Non-Appropriated Budget Adoption**
- D. FY2024 Cash Management Procedures**

A.J. Weber in person and Lindsey Rappeport, Lauterbacht & Amen, L.L.P. via Zoom presented information regarding the Non-Appropriated Fund Budget for FY 2023 (Managed) Cash Basis Expenditures as of July 31, 2023, Appropriated Fund Budget for FY 2023 Cash Basis Expenditures as of July 31, 2023, FY2024 Appropriated/Non-Appropriated Budget Adoption and FY2024 Cash Management Procedures.

No motion was taken on this agenda item.

7) Cybersecurity Briefing - CBIZ

Kim Bradley, CBIZ Risk and Advisory, presented her updated report on Cybersecurity Services 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 described the Cybersecurity Awareness and Training that was conducted on-site for TESRS staff on August 3, 2023. The training topics were Confidentiality, Integrity, Availability in Information Security, Cybersecurity Risk, Password Security, Clean Desktop Policy, Social Engineering, Telework/Telecommuting and Artificial Intelligence (AI).

Ms. Bradley discussed some items that are in progress with TESRS such as finalizing the polices for Telework, Data Classification & Management and Electronic Communication. They drafted the Accessible Use policy which is currently undergoing review. CBIZ is currently developing the Business Continuity policy.

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

No motion was taken on this agenda item.

8) Human Resources

A. New Hire Introductions

Jessica O'Brien, Acting Executive Director, introduced new employees hired Michael Villanueva as the Executive Assistant and Krystyn Garcia as the Contract Manager.

Mr. Villanueva and Mrs. Garcia both gave a brief description of their work history & experience to the board members.

B. Human Resources Assessment

Dr. Susan Johnson, Staff Service Officer, presented an update to Human Resource (HR) Assessment Checklist. Dr. Johnson stated why you need to do an HR Assessment Checklist and its importance. There are three goals of an HR Assessment Checklist strengths, weakness and their undeveloped strengths. This is the part Dr. Johnson learned in this process. That it gives an opportunity to look at the policies the agency has. Plus, opportunity to evaluate the employees and to make sure that they're aligned with the goals and mission of the agency. This helps the agency identify problems and inefficiencies.

Dr. Johnson came up with a little scorecard regarding the HR Assessment Checklist, that she presented. She had identified 115 items in the HR Assessment Checklist, but she was only able to answer yes to 27 items, no to 67 items and 7 items not applicable based on the information she had. Dr. Johnson gave example of why some checklist items were not applicable base on not having organizational structure of the agency. There is no supervisor, managers or directors. That the agency is a flat organization with everybody reporting to the executive director. What you see in that process is that you have no succession planning. This past month without an executive director there was nothing in place to make things continue to move, because of your key staff are now contracted out. Just like the chief financial officer, because that person would be the next key person in the agency, but because they are contractors they cannot have access to the CAPPS system. Whenever the contractor needs something they have to call the agency and then agency would have to go back and reach out to them with that information. Dr. Johnson stated that there are 21 questions that she could not answer. Because the person who was in the HR role before her is no longer there and Tiffany White was not available as executive director.

Dr. Johnson was able to identify 7 red flags that are important to the agency to be compliance. She provided highlights on agency strategic plan, workforce plan, recruitment plan, continuity of operation plan, staff training plan, purchasing & procurement plan and performance evaluation plan. TESRS polices and employee handbook are outdated and needing to be updated. This will be her next project that she will be working on.

No motion was taken on the agenda item.

Chairman Rodriguez informed the board that they will move out of order onto agenda item 14 before taking a 10-minute break at 9:40 a.m.

The board reconvened at 9:51 after a brief break.

14) EXECUTIVE CLOSED SESSION: Personnel matters regarding the appointment, employment, compensation, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director.

Chairman Rodriguez announced that the time 9:51 a.m. and the board will now go into executive closed session to discuss Item 14 on the agenda, pursuant to Texas Government Code Section 551.089. The board will discuss personnel matters regarding the appointment, employment, compensation, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director.

No action was taken regarding the agenda item.

The board reconvened the meeting at 3:00 p.m. and moved to Agenda Item 9.

Jerry Romero left at 3:01 p.m.

9) System Activity Report

- A. System Activity**
- B. Legislative Update**
- C. State Firefighters' and Fire Marshals' Association Conference Follow Up**

No Motion was taken on these agenda item.

10) Contract Administration

- A. Indus Mokshum, LLC – On-Line TESRS Database Maintenance**
- B. Jackson Walker, LLP – Outside Legal Counsel**
- C. Lauterbach & Amen, LLP – Investment Accounting and Financial Reporting Services**
- D. Vintage IT Services – Cloud Services FY23**
- E. Vintage IT Services – Vintage Care IT Support**
- F. Weaver and Tidwell, LLP – Auditing Services**

Trustee Graves motion to accept the recommendation to extend Indus Mokshum, LLC services for an additional one (1) year extension. The motion was seconded by Secretary Keenan and unanimously passed by the board.

Trustee Graves motion to accept the recommendation to extend the Jackson Walker, LLP contract for an additional two-year term pursuant to Section 2 of the contract. The motion was seconded by Trustee Ryalls and unanimously passed by the board.

Trustee Graves motion to accept the recommendation to renew the contract for Lauterbach & Amen, LLP for an additional one-year term pursuant to Section 1 of the contract. The motion was seconded by Trustee Ryalls and unanimously passed by the board.

Secretary Keenan motion to accept the recommendation to extend Vintage IT Services – Cloud Services based on a contingent on the vendor’s required certification status. The motion was seconded by Trustee Graves and unanimously passed by the board.

Secretary Keenan motion to accept the recommendation to extend Vintage IT Services based on a contingent on the vendor’s required certification status. The motion was seconded by Trustee Graves and unanimously passed by the board.

Trustee Graves motion to accept the recommendation to renew the contract for Weaver and Tidwell, LLP for an additional one-year term pursuant to Section 2.1 of the contract. The motion was seconded by Trustee Douglas and unanimously passed by the board.

11) Election of Board Members

Chairman Rodriguez noted that the current chairs are himself as Chairman, Vice-Chairman Romero and Secretary Keenan.

Secretary Keenan made the motion to keep current chair members for one more year, the motion was seconded by Trustee Graves and was passed unanimously by the board.

12) Appointment of Committee Members

There was a discussion about which board members were currently serving on the committees.

- Administration and Actuarial Committee: Chairman Rodriguez, and Secretary Keenan.
- Investment Committee: Vice Chairman Romero, Trustee Smit and Trustee Wagner
- Rules Committee: Trustee Ryalls, Trustee Douglas and Trustee Graves
- Legislative Committee: Secretary Keenan, Trustees Douglas and Trustee Ryalls

There was more discussion on who wanted to serve on which committee and that there was a new committee added called IT Committee. The following members agreed to served on the following committees:

- Administration and Actuarial Committee: Chairman Rodriguez, Vice Chairman Romero, and Secretary Keenan
- Investment Committee: Vice Chairman Romero, Trustee Smith and Trustee Wagner
- Rules Committee: Trustee Ryalls, Trustee Douglas and Trustee Landi
- Legislative Committee: Secretary Keenan, Trustee Landi and Trustee Graves
- IT Committee: Secretary Keenan and Trustee Landi

A. Proposed Committee Meetings Dates, Locations and Agenda Items

Chairman Rodriguez stated that TESRS Staff will work with the individual committees to setup dates, location and agenda items.

13) Proposed Board Meeting Dates, Locations and Agenda Items

Chairman Rodriguez stated he will work with TESRS Staff to setup dates, location and agenda items.

14) Adjourn

Chairman Rodriguez called for a second motion to adjourn at 3:11 p.m. The second motion was made by Trustee Douglas, and unanimously passed by the board.

Minutes Approved by:



Edward Keenan, Secretary

___09/04/2023___

Date