

Texas Emergency Services Retirement System
Board Meeting Minutes
February 28, 2019 8:30 a.m.
Hyatt Place Austin Airport
9532 Spirit of Austin Ln., Austin, TX 78719

Members Present:

Frank Torres, Chairman
Jenny Moore, Vice-Chair
Ron Larson, Secretary
Courtney Gibson Bechtol, Trustee
Don Shipman, Trustee
Steve Williams, Trustee

Members Present Via Video Conference Call:

Taylor Allen, Trustee
Dan Key, Trustee
Pilar Rodriguez, Trustee

Staff and Others Present:

Kevin Deiters, Executive Director, TESRS
Judy Johnson, Chief Financial Officer, CPA, TESRS
Susannah Jones, Staff Services Officer, CTPM, TESRS
Shirley Hays, Contract Manager, CTCM, TESRS
Jessica O'Brien, Data and Technology Officer, TESRS
Charles, Bray, Marketing Specialist, TESRS
Sarah Wolfe, Assistant Attorney General
Stephen Earnhardt, Lauterbach & Amen, LLP
Jonathan D. Breth, CFP, AndCo Consulting, LLC
Al DiCristofaro, AndCo Consulting, LLC
David Gullen, CFA, CAIA, Boston Partners
Mark Fenlaw, F.S.A., Rudd and Wisdom, Inc.
Rebecca Goldstein, CPA, Weaver and Tidwell, LLC
Matt Snider, Denim Group
Vany Zamoranos, Denim Group
Jacob Lagrone, Denim Group

Chairman Torres called the meeting to order at 8:30 a.m.

1. Roll Call

Secretary Larson called the roll and announced that a quorum of the Board was present. Nine Trustees were present.

2. Invitation for Public Comment

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

3. Approval of Minutes for January 23, 2019

Trustee Rodriguez requested to remove "Pilar Rodriguez" under "Members Present."

Trustee Williams moved to adopt the minutes of the meeting of January 23, 2019 as amended. The motion was seconded by Trustee Shipman.

Chairman Torres requested a roll call vote.

Board Members	Vote
Vice-Chair Moore	Yay
Secretary Larson	Yay
Trustee Allen	Yay
Trustee Bechtol	Yay
Trustee Key	Yay
Trustee Rodriguez	Yay
Trustee Shipman	Yay
Trustee Williams	Yay

The motion was unanimously passed by the Board.

Note: Chairman Torres moved to Agenda Item 11.

11. Legislative Session Update

Kevin Deiters, Executive Director provided the Board with an update about the legislative session; the agency appropriation request; and several bills pertaining to TESRS.

No action was taken regarding this agenda item.

Chairman Torres moved to Agenda Item 13.

13. Authority to Issue Request for Proposal for Investment Custody Services

Kevin Deiters provided an overview of his memorandum entitled *Request for Authority, Request for Proposals for Investment Custody Services, dated February 25, 2019*. He explained that the contract with the current custodial bank, the Bank of Texas, expires on August 31, 2019 and was not subject to renewal.

Trustee Bechtol moved pursuant to the Board's authority in Government Code Sec. 2155.148 to authorize the executive director, under the supervision of the Investment Committee, to issue a request for proposals for investment custodial services and to extend invitations to no more than three qualified firms to present at the May 2019 meeting. The motion was seconded by Vice-Chair Moore.

Chairman Torres requested a roll call vote.

Board Members	Vote
Vice-Chair Moore	Yay
Secretary Larson	Yay
Trustee Allen	Yay
Trustee Bechtol	Yay
Trustee Key	Yay
Trustee Rodriguez	Yay
Trustee Shipman	Yay
Trustee Williams	Yay

The motion was unanimously passed by the Board.

Chairman Torres reconvened the meeting at 9:30 a.m. after a brief break. He announced that Trustee Rodriguez left the meeting but that a quorum still existed. He then moved to Agenda Item 4.

4. Investment Manager Presentation by the Boston Partners

David Gullen, CFA, CAIA, made the presentation on behalf of Boston Partners from his report entitled *Texas Emergency Services Retirement System dated February 26, 2019*. His presentation covered the structure of the firm, the investment process, and the historical performance of the fund.

No action was taken regarding this agenda item.

5. Investment Consultant Report on Investment Performance, Asset Allocation, and Investment Policy

Jonathan D. Breth, CFP, AndCo Consulting, LLC, presented the following reports:

- *Texas Emergency Services Retirement System Investment Performance Monthly Flash Report – Period Ending January 31, 2019;*
- *Investment Performance Review – Period Ending December 31, 2018;* and
- *Quarterly Manager Analysis – Period Ending December 31, 2018.*

He provided an overview of the capital markets, the economy, and TESRS investment performance during the fourth quarter of 2018.

As of December 31, 2018, the total assets were \$102.02 million. The net return for the quarter was -9.25%, which outperformed the Policy Index by 0.81%. Over the past twelve months, the Fund's net return was -5.25%.

The asset allocation as of December 31, 2018 was:

- International Equities \$19.07 million 18.7 %
- Domestic Equities \$45.47 million 44.6 %
- Fixed Equities \$23.44 million 23.0 %
- Alternatives \$14.04 million 13.8 %

Mr. Breth recommended no changes to the asset allocation or to the investment policy. Trustee Bechtol moved to maintain OFI on the watch list. The motion was seconded by Trustee Allen.

Chairman Torres requested a roll call vote.

Board Members	Vote
Vice-Chair Moore	Yay
Secretary Larson	Yay
Trustee Allen	Yay
Trustee Bechtol	Yay
Trustee Key	Yay
Trustee Shipman	Yay
Trustee Williams	Yay

The motion was unanimously passed by the Board.

Trustee Bechtol moved to allow the Investment Committee to start the process to pursue an infrastructure component to the portfolio. The motion was seconded by Trustee Allen.

Chairman Torres requested a roll call vote.

Board Members	Vote
Vice-Chair Moore	Yay
Secretary Larson	Yay
Trustee Allen	Yay
Trustee Bechtol	Yay
Trustee Key	Yay
Trustee Shipman	Yay
Trustee Williams	Yay

The motion was unanimously passed by the Board.

Chairman Torres reconvened the meeting at 11:07 a.m. after a brief break and he moved to Agenda Item 6.

6. FY 2018 Audited Financial Report

Rebecca Goldstein, CPA, Weaver and Tidwell, LLC presented her firm's audited report entitled *Texas Emergency Services Retirement System Year Ended August 31, 2018*.

She reported that Weaver and Tidwell reviewed the TESRS financial statements and they issued a clean opinion letter because they believe the financial statements are accurate, complete, and in accordance with Generally Accepted Accounting Principles.

No action was taken regarding this agenda item.

7. FY 2018 GASB 68 Audit Report

Ms. Goldstein presented her report entitled *Texas Emergency Services Retirement System Report on Pension Information August 31, 2018* that was issued to provide participating departments with their allocation of the system's net pension liability pursuant to Government Accounting Standards Board Statement No. 68.

No action was taken regarding this agenda item.

8. Contract Accountant Report on 2018 Annual Financial Report

Stephen Earnhardt, Lauterbach & Amen, LLP made a presentation entitled *Annual Report Recap* that covered the role of his firm in the completion of the 2018 Annual Financial Report and the release of 2018 Audited Financial Report.

No action was taken regarding this agenda item.

Chairman Torres reconvened the meeting at 11:33 a.m. after a brief break and he then moved to Agenda Item 9.

9. Chief Financial Officer Report

A. FY 2019 Non-Appropriated Budget

Judy Johnson, Chief Financial Officer, provided an overview of the *Texas Emergency Services Retirement System Non-Appropriated Fund Budget for FY 2019 as of January 31, 2019*.

No action was taken regarding this agenda item.

B. FY 2019 Appropriated Budget

Ms. Johnson provided an overview of the *Texas Emergency Services Retirement System Appropriated Fund Budget as of January 31, 2019*. No action was taken regarding this agenda item.

Chairman Torres moved to Agenda Item 12.

12. Executive Director's Report on System Administrative and Financial Activities for the Period Ending January 31, 2019

Kevin Deiters, Executive Director, provided the Board with an update on the administrative activities of the agency as of February 28, 2019. No action was taken regarding this agenda item.

Chairman Torres moved to Agenda Item 14.

14. Board Educational Opportunities

Mr. Deiters provided an overview of several educational opportunities for board members that are hosted by Pensions and Investments magazine and the Texas Association of Public Employees Retirement Systems.

Vice-Chair Moore moved to authorize Board members to travel to the educational offerings included in Mr. Deiters' report. The motion was seconded by Trustee Bechtol.

Chairman Torres requested a roll call vote.

Board Members	Vote
Vice-Chair Moore	Yay
Secretary Larson	Yay
Trustee Allen	Yay
Trustee Bechtol	Yay
Trustee Key	Yay
Trustee Shipman	Yay
Trustee Williams	Yay

The motion was unanimously passed by the Board.

15. Request for Future Agenda Items and Meeting Dates

Chairman Torres announced that the next meeting was scheduled for May 2019 pending the confirmation of new Board members.

Chairman Torres moved to Agenda Item 10.

10. Cybersecurity Consultant Security Briefing

The Board moved into closed session at 12:01 p.m. pursuant to Texas Government Code Title 5, Subtitle A, Chapter 551.089, Subchapter D to discuss security relating to information resources technology and security of information.

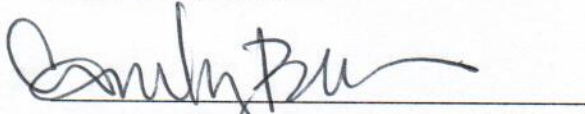
The Board returned to open session at 12:49 p.m. Chairman Torres announced that no action was taken during the closed session. He reported that Trustee Key left the meeting but that a quorum still existed. He moved to Agenda Item 16

16. Adjourn

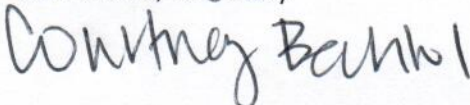
Chairman Torres requested a motion to adjourn at 12:50 p.m.

The motion was made by Vice-Chair Moore, was seconded by Trustee Williams, and unanimously passed by the Board.

Minutes Approved By:



~~Ron Larson~~, Secretary



Date: