

Texas Emergency Services Retirement System
Board Meeting Minutes
December 1, 2022 8:30 a.m.
Hilton Austin Airport- Crown Victoria Room
9515 Hotel Dr., Austin, TX 78719

Members Present:

Jerry Romero, Vice Chairman
Edward Keenan, Secretary
Jenny Moore, Trustee
Matt Glaves, Trustee
Rod Ryalls, Trustee
Brian Smith, Trustee
Nathan Douglas, Trustee

Members Absent:

Pilar Rodriguez, Chairman
Stephanie Wagner, Trustee

Staff and Others Present:

Tiffany White, Executive Director, TESRS
Jessica O'Brien, Data & Technology Officer, TESRS
Chana Kramer, Contract Specialist, CTCD, CTCM, TESRS
Scott Miller, Business Development, TESRS
Cassandra Davis, Staff Services Officer, CTCD, CTCM, TESRS
Brent Zuker, Benefits Specialist, TESRS
Jonathan D Breth, CFP, AndCo Consulting LLC
Kim Bradley, RVK, INC
Mark Fenlaw, F.S.A. Rudd & Wisdom, Inc.
Rebecca Morris, Rudd & Wisdom, Inc.
Matthew Featherston, Texas Pension Review Board
Rosalind Hunt, Assistant Attorney General

Vice-Chairman Romero called the meeting to order at 8:30 a.m.

1. Roll Call and Excuse of Board Member Absences

Cassandra Davis, Staff Services Officer, called the roll. Seven board members were present. Chairman Rodriguez and Trustee Wagner were absent. Vice-Chairman Romero announced that a quorum of the board was present.

Vice-Chairman Romero called for a motion to excuse the absent members. The motion to excuse the absent members was made by Trustee Moore, seconded by Secretary Keenan and unanimously passed by the board.

Board Members	Vote
Jenny Moore	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Edward Keenan	Yay
Nathan Douglas	Yay
Brian Smith	Yay

2. Invitation for Public Comment

Vice Chairman Romero called for public comment. No public comments were made. No action was taken on this agenda item.

3. Approval of Minutes for August 18th, 2022

Trustee Glaves moved to adopt the minutes for August 18th, 2022 as presented. The motion was seconded by Trustee Ryalls and unanimously passed by the board.

Board Members	Vote
Jenny Moore	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Edward Keenan	Yay
Nathan Douglas	Yay
Brian Smith	Yay

4. Investment Consultant Report on Investment Performance

- A. Investment Performance Report for Quarter Ending September 30, 2022**
- B. Investment Watch List**
- C. Written Investment Policy and Asset Allocation**

Jon Breth, CFP, AndCo Consulting LLC, presented his report entitled *Investment Performance Review 3rd Period ending September 30, 2022*. Mr. Breth report included an overview of the market environment and economy, domestic and international equities, fixed income, and market themes. Mr. Breth.

Mr. Breth explained that fixed income is overweight for the quarter and described the high yield bond market offers two attributes of a bright spot, which include the high interest rate shorter maturities and higher T bonds.

Mr. Breth did not see a need to make reallocations at this time. He did recommend maintaining Allspring Emerging Markets and placing Jackson Square Small/Mid Growth on the Watch List.

Trustee Jenny Moore moved, based on the recommendation of the investment consultant, that the board maintain Allspring Emerging Markets on the watch list. The motion was seconded by Trustee Matt Glaves and unanimously passed by the board.

Board Members	Vote
Jenny Moore	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Edward Keenan	Yay
Nathan Douglas	Yay
Brian Smith	Yay

Trustee Jenny Moore moved, based on the recommendation of the investment consultant, that the board place Jackson Square Mall/Mid Growth on the watch list. The motion was seconded by Trustee Matt Glaves and unanimously passed by the board.

Board Members	Vote
Jenny Moore	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Edward Keenan	Yay
Nathan Douglas	Yay
Brian Smith	Yay

5. Chief Financial Officer’s Financial Report

- A. 2022 Annual Financial Report Update**
- B. FY2022 Non-Appropriated Budget and Expenditures**
- C. FY2022 Appropriations Budget and Expenditures**
- D. TESRS On-line, TESRS Membership Database**
- E. Legislative Appropriations Request Update**
- F. FY2023 Budget and Expenditures**

Tiffany White, Executive Director, presented her handouts entitled *2022 Annual Financial Reports*. Ms. White’s handouts covered budget line item updates for FY2022 Non-Appropriated Budget and Expenditures expenses recorded through November 2022. She reported that all numbers were in the black and were most positive.

Ms. White then presented his handout entitled *Appropriated Fund Budget for FY 2022*. She explained that the handout detailed expenses related to the administration of the pension fund that had been recorded through November 2022.

Trustee Glaves moved that the board transfer the unused amount of \$17,500 from funding approved at the November 18, 2021 meeting for TOL database enhancements and programming during fiscal year 2022 to fiscal year 2023 budget in order to complete the two unfinished projects. The motion was seconded by Secretary Keenan and unanimously passed by the board.

Board Members	Vote
Jenny Moore	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Edward Keenan	Yay
Nathan Douglas	Yay
Brian Smith	Yay

Jessica O'Brien, Data & Technology Officer, presented her report on the background of transferring the unused amount of \$17,500 from funding approved at the November 18, 2021 meeting for TOL database enhancements and programming during fiscal year 2022 to fiscal year 2023 budget in order to complete the two unfinished projects. She reported that TESRS asked for funds for TOL maintenance support and programming and software updates. Eleven projects were included in the funding amount, unfortunately, two projects were unable to be completed in FY2022 and asked that the funds be carried over into FY2023 budget.

Tiffany White, Executive Director, presented her report for the Legislative Appropriations Request Update and FY2023 Budget and Expenditures. Ms. White stated that FY2023 totals are GR dedicated balances. She presented that the LAR was delivered on September 2022 to Senate Finance and House Appropriations Committee. Ms. White stated that the board re-instate the five percent cut from FY2021 to restore funding to add one TESRS staff member.

Vice Chairman has asked that at the next board meeting a detailed financial report be made available for the board members to review and discuss. Ms. White agrees to have a greater level of detail of budgeting for the addition of the staff member.

Trustee Keenan moved to facilitate additional funds for TESRS administrative staff to normalize salary to the staff. The motion was seconded by Trustee Glaves and unanimously passed by the board.

Board Members	Vote
Jenny Moore	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Edward Keenan	Yay
Nathan Douglas	Yay
Brian Smith	Yay

Trustee Moore moved that the board adopt the FY2023 non appropriated budget as presented or amended on December 1, 2022 in an amount not to exceed \$3,886,849. The motion was seconded by Secretary Keenan and unanimously passed by the board.

Board Members	Vote
Jenny Moore	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Edward Keenan	Yay
Nathan Douglas	Yay
Brian Smith	Yay

Vice-Chairman Romero moved out of order to agenda item 7.

7. Investment Consulting Services Contract

Chana Kramer, Contract Specialist, presented her report on the three finalists and presented to the committee to unanimously go with AndCo Consulting LLC as the finalist.

Trustee Glaves moved that the Board accept the recommendation of the Evaluation Committee and authorize staff to negotiate and execute a contract for Investment Consulting Services with AndCo Consulting LLC. The motion was seconded by Secretary Keenan and unanimously passed by the board.

Board Members	Vote
Jenny Moore	Yay
Matt Glaves	Yay
Rod Ryalls	Yay
Edward Keenan	Yay
Nathan Douglas	Yay
Brian Smith	Yay

6. Actuarial Valuation Report for Period ending August 31, 2022

Mark Fenlaw, Actuary for Rudd & Wisdom, apologized for late delivery of the evaluation draft of the data, getting the committee comfortable with their recommendations. Mr. Fenlaw included some considerations for lowering investment return assumption.

Trustee Douglas made a motion to accept the 2022 Actuarial Valuation as presented by Rudd & Wisdom. The motion was seconded by Trustee Glaves and unanimously passed by the board.

8. Recruiting Update

Scott Miller, Business Development, presented his handout to update the board on enrolling new departments. Smith Co. ESD #2 had a verbal commitment and was provided a draft contract to review. Henrietta VFD went to City Council and would have buyback. Beach City VFD was approved by the city to join TESRS, waiting for participant roster. Magnolia FD requested a contract and estimate to present. Cooper VFD TLFRA department. Discussion on pass-through or buyback. Friberg-Cooper VFD wanted Scott to present with Chief Norris.

Mr. Miller worked with TESRS boards to get compliant for the Annual Report and Membership Reconciliation Report. Mr. Miller identified departments with boards that have expired terms and worked to get them current.

9. Update on Board Strategic Planning Activities

Scott Miller, Business Development, presented his handout entitled *Texas Emergency Services Retirement System Strategic Plan Update* to describe the action taken to address the goals discussed at the strategic planning retreat that was held in April. He explained that special projects had been organized to address goals identified by the board in order to:

- Increase membership
- Create a Marketing and Branding Plan
- Build a Legislative Relationship

Scott Miller, Business Development, presented for increased membership that he identified and contacted 46 departments with no activity since July 2021. Information sent to the departments included cover letter, active roster, and 502 form. Updated and delivered benefit posters for existing departments. Business cards were bought for TESRS board members.

Mr. Miller stated that TESRS established social media presence, registered for Safe-D conference held in February, and created a thirty second elevator speech for departments.

Mr. Miller provided an update for the Legislative Relationship group. He spoke about key dates in the next few months, meet and greets leadership offices and Firefighters Day.

10. Cybersecurity Services- CBIZ Presentation

Vice-Chairman Romero announced that Jessica O'Brien ask the speaker to give the highlights of the presentation. Kim Bradley, CBIZ Risk and Advisory. Ms. Bradley presented that in August 2022, there was a training on digital security. She states CBIZ met with TESRS and DIR to review the next steps to direct the key issues in the plan for January 2023- August 2023.

11. Executive Director Report

A. System Activity

B. Update Regarding Social Media

C. Update Regarding Revocation of Participating Department(s)

Tiffany White, Executive Director, presented her report entitled TESRS Executive Director's Report. Her report covered system administration and system activity, pension system activity-benefits, and recruiting and technical assistance efforts.

Ms. White reported on departments in the revocation stage as of August 31, 2022. Travis County ESD #6 revoked August 31, 2022. Ovilla Fire Department revoked November 30, 2022. Forney Fire Department was scheduled to revoke February 3, 2023. Princeton Fire Department did not have a scheduled revocation date.

15. Future Meeting Dates/Locations and Agenda Items

Vice Chairman Romero stated future board meeting dates would be emailed. He also noted that Safe-D conference was coming February 2023.

After discussion, tentative board meeting locations would be Hilton Austin Airport or Hyatt Place Austin Airport. Ms. White states that having board meetings at the Capital or Capital Mall as options in the future.

16. Adjourn

Vice Chairman Romero called for a motion to adjourn at 11:42 AM.

The motion was made by Trustee Moore, seconded by Trustee Graves and unanimously passed by the board.

Minutes Approved by:

Edward Keenan, Secretary

Date