

**Texas County & District Retirement System
Minutes of the Board of Trustees' Meeting
February 15, 2018**

Agenda Number	Description
1	Call meeting to order
2	Consider consent agenda items
2a	Participation of new districts
2b	Employers' flat-rate COLA limit for 2019
2c	Small annuity payoffs
3	Consider allocation of 2017 investment results
4	Consider hedge funds, distressed debt, private real estate, opportunistic credit, direct lending and private equity investments
5	Report of director
6	Consider compliance at this meeting with board's governance policies
7	Adjournment

The Board of Trustees of the Texas County & District Retirement System met on Feb. 15, 2018, by telephone conference call, with the physical location of the meeting at the TCDRS offices located at 901 South Mopac, Bldg. 4, in Austin, TX. In accordance with Section 845.007(f)(2) of the TCDRS Act that at least one trustee be present at the stated location, Chair Eckels and Trustee Metzger physically attended the meeting at the TCDRS offices.

Attendees:

Trustees:

1. Robert A. Eckels, Chair
2. Bob Willis, Vice-Chair
3. H.C. "Chuck" Cazalas
4. Chris Davis
5. Mary Louise Garcia
6. Deborah M. Hunt
7. Bridget McDowell
8. Bill Metzger
9. Kristeen Roe

Staff:

Amy Bishop, Executive Director
Tom Harrison, Deputy Director
Paul Williams, Chief Investment Officer
Casey Wolf, Deputy Investment Officer
Sandra Bragg, Deputy Investment Officer
Ann McGeehan, General Counsel
Chris Bucknall, Director of Actuarial Services
Julie Dwiggin, Executive Assistant
Chad Estes, Business Analyst

Consultants

Mark Olleman, Milliman, Inc.
Nick Collier, Milliman, Inc.
Chuck Campbell, Jackson Walker L.L.P.

Note: The following minutes are referenced by permanent item and agenda numbers.

4503 (agenda no. 1) Call meeting to order

Chair Eckels called the meeting to order at 10:00 a.m.

4504 (agenda no. 2) Consider consent agenda items

Amy Bishop, Executive Director, presented three consent agenda items.

2a. Approval of participation for six districts to join the system (Bexar County Emergency Services District #6, Bowie County Soil & Water Conservation District, El Paso County Water Improvement District No. 1, Hidalgo County Emergency Services District No. 2, Housing Authority of the City of Knox City and Housing Authority of the City of Munday).

2b. Setting the maximum flat-rate cost-of-living adjustment (COLA) increase to 2% for plan year 2019.

2c. Approval of lump-sum payoffs to members with small monthly annuities due to federal minimum distribution requirements.

Motion: Trustee Hunt made a motion to approve the consent agenda items. Trustee Roe seconded. Motion carried.

4505 (agenda no. 3) Consider allocation of 2017 investment results

Amy Bishop presented a report on staff's recommendation for the allocation of 2017 investment results. Based on the investment earnings as of Dec. 31, 2017, staff recommended an allocation of 13% to total plan assets. As a result of this allocation, average employer rates are expected to remain level for 2019 and the general reserves are expected to increase to over \$720 million.

Motion: After discussion, Trustee McDowell made a motion to approve the *Resolution for the Allocation of 2017 Investment Results*. Trustee Metzger seconded. Motion carried.

Resolution for the Allocation of 2017 Investment Results

In accordance with Section 845.315 of the TCDRS Act, the board of trustees shall annually make allocations that in aggregate equal the net investment income or loss for the year.

Therefore, be it resolved and ordered by the Board of Trustees of the Texas County & District Retirement System:

- (1) Pursuant to Subsections 845.315(a)(1),(2), and (4) of the TCDRS Act, the required interest allocations will be made to the Closed Subdivision Annuity Reserve Fund, the Optional Group Term Life Fund and the Employees Saving Fund.
- (2) For purposes of determining the allocation to the account of each subdivision under Section 845.315(a)(5), the total assets of the subdivision equal the sum of the Jan. 1, 2017 balance of each participating subdivision's Subdivision Accumulation Fund and the subdivision's respective Employee Savings Fund. The allocation to each participating subdivision shall be determined by multiplying the subdivision's total assets as described by 13.0%.
- (3) Pursuant to Section 845.307 of the TCDRS Act, the allocation to each participating subdivision is credited to the Subdivision Accumulation Fund effective Dec. 31, 2017, and equals the amount described in (2) minus the required interest allocated to the respective subdivision's Employee Savings Fund for 2017.
- (4) After the above allocations, any remaining net income amounts will be transferred to the general reserves account of the endowment fund effective Dec. 31, 2017 pursuant to Section 845.315(a)(3).

4506 (agenda no. 4) Consider hedge funds, distressed debt, private real estate, opportunistic credit, direct lending and private equity investments

Paul Williams, Chief Investment Officer, asked the trustees to accept the *Board Resolution for Approval of Investments* to acquire interest in direct lending, opportunistic credit, real estate investments, and private equity funds.

Motion: After discussion, Trustee Metzger made a motion to approve the *Board Resolution for Approval of Investments*, proposed by the investment officer. Trustee Cazalas seconded. Motion carried.

4507 (agenda no. 5) Report of director

Paul Williams advised the board that the April 2018 board meeting would be his last before retiring. Mr. Williams also told them that the transition to the new investment officer, Casey Wolf, was going well. Mr. Wolf also expressed that the transition was going well.

4508 (agenda no. 6) Consider compliance at this meeting with board's governance policies


The board discussed and determined its compliance with the governance policy concerning *GP5 - Agenda Planning* for this meeting.

4509 (agenda no. 7) Adjournment

There being no further business to come before the board, Chair Eckels adjourned the meeting at 10:19 a.m.

APPROVED BY THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM BOARD OF TRUSTEES ON THE 5TH DAY OF APRIL, 2018.

ATTESTED BY:



Amy Bishop
Executive Director & Secretary to the
TCDRS Board of Trustees

4-9-18

Date