

**Texas County & District Retirement System
Minutes of the Board of Trustees' Meeting
February 13, 2019**

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 2020
2c	Plan termination of Travis County Water Control & Improvement District – Point Venture
2d	Small annuity payoffs
3	Consider allocation of 2018 investment results
4	Consider hedge funds, distressed debt, private real estate, strategic credit, direct lending and private equity investments
5	Report of executive 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. 13, 2019, 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 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. Deborah M. Hunt
6. Bridget McDowell
7. Bill Metzger
8. Kristeen Roe

Trustees not attending:

9. Mary Louise Nicholson

Staff:

Amy Bishop, Executive Director
Tom Harrison, Deputy Executive Director
Casey Wolf, Chief 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.
Kathy Barchick, Cliffwater LLC
Chuck Campbell, Jackson Walker L.L.P.

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

4609 (agenda no. 1) Call meeting to order

Chair Eckels called the meeting to order at 10:00 a.m. Trustee Hunt was not present at the beginning of the meeting.

4610 (agenda no. 2) Consider consent agenda items

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

2a. Approval of participation for seven districts to join the system (Caldwell Hays County Emergency Services District #1, Freer Water Control & Improvement District, La Feria Irrigation District Cameron County No 3, Nacogdoches County Central Appraisal District, Ochiltree County Appraisal District, Orange County Water Control and Improvement District No. 2, and Wilson County Emergency Services District #2).

2b. Setting the maximum flat-rate cost-of-living adjustment (COLA) increase to 2% for plan year 2020.

2c. Plan termination of Travis County Water Control and Improvement District – Point Venture

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

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

Note: Trustee Hunt joined the meeting at 10:08 a.m. Eight trustees were present for the remainder of the meeting.

4611 (agenda no. 3) Consider allocation of 2018 investment results

Amy Bishop presented a report on staff's recommendation for the allocation of 2018 investment results. Based on the investment earnings as of Dec. 31, 2018, staff recommended an allocation of -3% to employers' total plan assets. As a result of this allocation, employer rates are expected to increase by a relative 5% from 2019 to 2020 on average and the general reserves are expected to remain at 2.5% of assets.

Motion: After discussion, Vice-chair Willis made a motion to approve the *Resolution for the Allocation of 2018 Investment Results*. Trustee Davis seconded. Motion carried.

Resolution for the Allocation of 2018 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, 2018 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 -3.0%.
- (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, 2018, and equals the amount described in (2) minus the required interest allocated to the respective subdivision's Employee Savings Fund for 2018.
- (4) After the above allocations, any remaining net investment income or loss amounts will be transferred to the general reserves account of the endowment fund effective Dec. 31, 2018 pursuant to Section 845.315(a)(3).

4612 (agenda no. 4) Consider hedge funds, distressed debt, private real estate, opportunistic credit, direct lending and private equity investments

Casey Wolf, Chief Investment Officer, asked the trustees to approve the *Board Resolution for Approval of Investments* to acquire interest in strategic credit, private real estate investments, and private equity funds.

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

4613 (agenda no. 5) Report of executive director

Amy Bishop presented the report of the executive director. Ms. Bishop read a note from the widow of one of TCDRS' former directors which thanked them for their diligence and expressed her appreciation for her retirement. She also reminded the board about the upcoming state of

the system webinar, the annual conference and the training day to be held the day prior to the September board meeting. In addition, Tom Harrison, Deputy Executive Director, gave an update on the legislative session.

4614 (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.

4615 (agenda no. 7) Adjournment

There being no further business to come before the board, Chair Eckels adjourned the meeting at 10:29 a.m.

APPROVED BY THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM BOARD OF TRUSTEES ON THE 11TH DAY OF APRIL, 2019.

ATTESTED BY:



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



Date