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The Board of Trustees of the Texas County & District Retirement System met on September 12, 2019, in Austin, TX.

Attendees:

**Trustees:**
1. Robert A. Eckels, Chair
2. Bob Willis, Vice-Chair
3. Chris Hill
4. Chris Davis
5. Susan Fletcher
6. Deborah Hunt
7. Mary Louise Nicholson
8. Kara Sands

**Trustees Not Attending:**
1. Bridget McDowell

**Staff:**
Amy Bishop, Executive Director
Casey Wolf, Chief Investment Officer
Tom Harrison, Deputy Executive Director
Sandra Bragg, Deputy Investment Officer
Ann McGeohan, General Counsel
Natalia Ashley, Staff Attorney
Chris Bucknall, Director, Actuarial Services
Karen Correa, Chief Administrative Officer
Kathy Thrift, Chief Customer Officer
John Hawes, Director, Finance
Julie Diggins, Executive Assistant
Chad Estes, Business Analyst

**Consultants:**
Mark Olleman, Milliman, Inc.
Kathy Barchick, Cliffwater, LLC
Stephen Nesbitt, Cliffwater, LLC
Chuck Campbell, Jackson Walker
Others:
Jason McElvaney, McElvaney Public Affairs
Shain Carrizal, Harris County
Reece Freeman, Texas Pension Review Board
Sandra Vice, Texas Municipal Retirement System

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

4662 (agenda no. 1) Call meeting to order
Chair Eckels called the meeting to order at 8:39 a.m.

4663 (agenda no. 2) Receive report of fiduciary counsel
Chuck Campbell, with Jackson Walker, had no report of fiduciary counsel.

4664 (agenda no. 3) Executive session in accordance with Texas Government Code Section 551.071 for the purpose of seeking advice of legal counsel on a matter subject to attorney-client confidentiality and relating to a current agenda item
There was no executive session held at this meeting.

Note: Judge Hill arrived at 8:50 a.m. Eight trustees were present for the remainder of the meeting.

4665 (agenda no. 5) Consider consent agenda items
Amy Bishop, Executive Director, presented four consent agenda items.

4a. Approval of Jun. 27, 2019 regular meeting minutes.


4c. Approval of participation of nine new districts (Austin County Emergency Services District #2, East Central Special Utility District, Fort Bend County Emergency Services District #7, Gonzales County Emergency Services District #1, Harris County Emergency Services District #7, Northeast Fort Bend County Emergency Services District #5, Porter Special Utility District, Riverbend Water Resources District and Victoria County Navigation District).

4d. Plan termination of Refugio Groundwater Conservation District.

Motion: Trustee Nicholson made a motion to approve the consent agenda items. Vice-chair Willis seconded. Motion carried.

4666 (agenda no. 6) Consider executive director’s monitoring report
Amy Bishop presented the executive director’s monitoring report, which included a brief review of the strategic planning process, the annual report on the Ends Policy (E1) and the quarterly monitoring report on Executive Limitation 5 – Financial Activities (EL5). Ms. Bishop discussed an exception to EL5 Policy #6 regarding benefit payment timeliness.

**Motion:** After discussion, Trustee Fletcher made a motion to approve the director’s monitoring report. Trustee Hunt seconded. Motion carried.

4667 (agenda no. 7) **Consider chief investment officer’s monitoring report**

Casey Wolf, Chief Investment Officer, presented the chief investment officer’s monitoring report which included the annual Ends Policy (E1) report and the quarterly monitoring reports on Executive Limitation 5 – Financial Activities (EL5) and Executive Limitation 11-Investment Policies (EL11). Mr. Wolf discussed various elements of each monitoring report and reported compliance.

**Motion:** After discussion, Trustee Sands made a motion to approve the chief investment officer’s monitoring report. Trustee Hunt seconded. Motion carried.

4668 (agenda no. 8) **Receive investment performance measurement and investment consultant reports**

Casey Wolf and Kathy Barchick, with Cliffwater, presented the investment performance measurement and investment consultant reports for the period which ended June 30, 2019.

4669 (agenda no. 9) **Consider hedge funds, distressed debt, private real estate, opportunistic credit, direct lending and private equity investments**

The report on hedge funds, distressed debt, private real estate, strategic credit, direct lending and private equity investments was combined with agenda item 4669 above.

**Motion:** After discussion, Trustee Hunt made a motion to accept the Board Resolution for Approval of Investments, proposed by Cliffwater and the chief investment officer, regarding acquiring equity interests in hedge funds, distressed debt, private real estate, direct lending and private equity investments. Trustee Fletcher seconded. Motion carried.
Board Resolution for Approval of Investments

WHEREAS, the Board has reviewed the Investment Officer’s Investment Recommendations to use TCDRS assets to acquire equity interests (collectively, the “Investments”) in those certain private equity, distressed debt, direct lending, strategic credit, real estate, and hedge funds (each, a “Fund” and collectively, the “Funds”) named on Schedule 1 attached hereto; and

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed Investments as described in those certain Investment Recommendations dated September 12, 2019, for the Funds be approved; and be it further

RESOLVED, that the Investment Officer be, and he hereby is, authorized to make such further revisions to the terms and provisions of each of the proposed Investments as may be necessary or in the best interests of TCDRS; and be it further

RESOLVED, that for private equity, distressed debt, and real estate funds approved in this and prior Board resolutions, the Investment Officer is authorized to invest an amount in each such approved fund equal to the maximum amount listed below that corresponds to such fund’s category of investment:

<table>
<thead>
<tr>
<th>Category</th>
<th>Maximum Amount</th>
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<tbody>
<tr>
<td>Buyout</td>
<td>$200 million</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>$100 million</td>
</tr>
<tr>
<td>Real Assets</td>
<td>$200 million</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$200 million or equivalent in € or £</td>
</tr>
<tr>
<td>Distressed Debt</td>
<td>$150 million or equivalent in € or £</td>
</tr>
<tr>
<td>Real Estate</td>
<td>$150 million or equivalent in € or £</td>
</tr>
<tr>
<td>Direct Lending mingled funds</td>
<td>$250 million or equivalent in € or £</td>
</tr>
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</table>

RESOLVED, that for hedge funds approved in this and prior Board resolutions, the Investment Officer is authorized to invest amounts in such approved funds consistent with the investment objectives, guidelines, and style targets described in Section 13 of the TCDRS Investment Policy and the allocation bands in Table 1 of the TCDRS Investment Policy.

RESOLVED, that for all strategic credit funds and direct lending funds-of-one approved in this and prior Board resolutions, the Investment Officer is authorized to invest amounts in such approved funds consistent with the investment objectives and guidelines described in Section 11 of the TCDRS Investment Policy and the allocation bands in Table 1 of the TCDRS Investment Policy.

RESOLVED, that, from the date the Board adopts this resolution until the date of the next regularly scheduled Board meeting (the “Interim Period”), the Investment Officer be, and he hereby is, authorized to use TCDRS assets to acquire (or commit to acquire) an equity interest: in a Fund that is not named on Schedule 1 attached hereto or in a prior Board resolution (a “Non-Scheduled Fund”), provided that (A) no more than $500 million may be used during the Interim Period to acquire (or commit to acquire) Non-Scheduled Funds, (B) such acquisition or commitment is otherwise in compliance with the TCDRS Investment Policy and applicable law, and (C) the Investment Officer promptly notifies the Board of any acquisition of (or commitment to acquire) a Non-Scheduled Fund that occurs during the Interim Period, and be it further

RESOLVED, that during the Interim Period, the Investment Officer be, and he hereby is, authorized to use TCDRS assets to acquire (or commit to acquire) a direct interest in companies or other entities through co-investments with an existing general partner in a private markets fund, even though such investments are not named on Schedule 1 attached hereto or in a prior Board resolution, provided that (A) no more than $100 million may be used during the Interim Period for co-investments (or commitments for co-investments), (B) such co-investments are otherwise in compliance with the TCDRS Investment Policy and applicable law, and (C) the Investment Officer notifies the Board of co-investments that occur during the Interim Period prior to or at the next regularly scheduled meeting of the Board, and be it further

RESOLVED, that the Investment Officer be, and he hereby is, authorized and empowered to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Investments), in the name and on behalf of TCDRS, or otherwise, as the Investment Officer may deem necessary, advisable, or appropriate to effectuate or to perform the obligations of TCDRS under the Investments and the instruments referred to therein.
**Direct Lending**
* AG DIF fund of one
* AG Net Lease IV
* Cerberus RE Debr
ICG Sale & Leaseback
* Napier Park Multi-Asset I
  Oak Street V

**Private Real Estate**
* Ares III – Opportunistic
  * Sculptor IV (previously approved as OZ REF IV)
  
**Private Equity & Co-Investments**
* Accel-KKR secondary – Buyout
  Aurora VI – Buyout
* Baring Asia Co-invest 1 – Buyout
* HIG Co-invest 1 – Buyout
  Kinderhook VI – Buyout
* KPS Mid-Cap – Buyout
* Roark Restaurant II – Buyout
  Serent IV – Buyout
* TA Select Opportunities – Buyout
* EIV IV – Real Assets
  General Catalyst X – Venture
* Lightspeed Global Opp – Venture
  Avedon IV – Non-US
  DPE IV – Non-US
  MBK V – Non-US
  Gilde Healthcare V – Non-US
  Pollen Street IV – Non-US
* Providence Strategic Growth Europe – Non-US

* indicates an existing manager relationship

**Note:** The Resolution for Approval of Investments is essentially a forward calendar of possible investments that may be made by the Investment Officer following successful due diligence. There is no assurance that any of the authorized investments will ultimately result in commitments by TCDRS. Actual commitments are reported as they close on the Our Investments page on the TCDRS website. ([https://www.tcdrs.org/OurInvestments/Pages/OurInvestments.aspx](https://www.tcdrs.org/OurInvestments/Pages/OurInvestments.aspx))
4670 (agenda no. 10) Consider amendment(s) and update(s) to investment policy

There were no amendments or updates to the investment policy at this meeting.

4671 (agenda no. 11) Receive report on board's linkage policy

Kathy Thrift, Chief Customer Officer, presented a report on the annual assessment of employers' and members' feedback. The board uses this feedback to ensure the appropriate linkage between the board and the participating employers as required by governance policy Governance Process 5 – Agenda Planning (GP-5) and to develop and modify the strategic goals of the organization. Ms. Thrift's report included the methods used to collect customer feedback and an analysis of the results.

4672 (agenda no. 12) Consider amendments to board's governance policies

Ms. Bishop presented GP5 – Agenda Planning, GP6 – Board Officer Roles, GP7 – Trustee Conduct and GP8 – Board Committee Principles for board review. No amendments were made at this meeting, but the board discussed the process to review compliance with the governance policies, and possibly revising and updating the language of governance policies in the future.

4673 (agenda no. 13) Report on operations

Amy Bishop, Karen Correa, Chief Administrative Officer, and Kathy Thrift, Chief Customer Officer presented the report on operations.

Ms. Thrift provided an update on the new online benefit application which was implemented in July 2019. Ms. Thrift also discussed the implementation of new authentication tools to help protect member accounts.

Ms. Correa presented a report on information security enhancements being implemented in 2019 including a database security program, a web application firewall and enhanced network firewalls. In addition, she discussed the information security assessment to be conducted by Gartner.

Ms. Bishop also presented an update of the Strategic Plan and discussed the 2019 projects that have been completed and those that are in progress.

4674 (agenda no. 14) Receive report of consulting actuary

Mark Olleman, with Milliman, presented the consulting actuary report.

Mr. Olleman presented an actuarial comparison of TCDRS to other public plans. His report included topics such as TCDRS' unique savings-based plan and how employers have local control of their benefit plans.
4675 (agenda no. 4) Employee recognition
Amy Bishop, Executive Director, discussed the employee recognition program to recognize those employees that embody TCDRS’ core values of integrity, care and anticipation. She introduced the employees who were recognized for exemplifying TCDRS’ values: Brittany Arndt, Member Services Analyst; Matt Spinn, Member Services Analyst; Tina Silguero, Legal Assistant; Rob Bishop, Publications Specialist; and Catherine Sorahan, Manager, Member Services.

4676 (agenda no. 15) Receive report of legal counsel
Ann McGeehan, General Counsel, had no report of legal counsel.

4677 (agenda no. 16) Receive report of deputy executive director
Tom Harrison, Deputy Executive Director, presented the deputy executive director’s report that included a leasing activity report for the rentable space not occupied by TCDRS in the building that it owns and a report on completed and remaining building improvements to the TCDRS building.

4678 (agenda no. 17) Receive report of executive director
Amy Bishop presented the executive director’s report and explained how the board may find the organizational charts for both Administrative and Investments staff within their board resources.

4679 (agenda no. 18) Consider 2020 trustee meeting dates
The board discussed the dates for the 2020 trustee meeting dates.

Motion: After discussion, Trustee Hill made a motion that February 13 be the date of the special meeting held by teleconference with a start time of 10:00 a.m. and the physical location be in Austin at the TCDRS offices. Further, that the first through fourth regular meetings be held in Austin at the TCDRS offices on April 2, June 25, September 10 and December 3, 2020. Trustee Sands seconded. Motion carried.

4680 (agenda no. 19) Receive report of chair
Chair Eckels presented the report of the Chair. Chair Eckels suggested that the board take the opportunity for media training to discuss TCDRS talking points.

4681 (agenda no. 20) Consider compliance at this meeting with the board’s governance policies
The board discussed and determined its compliance with their governance policies during this meeting as required by Governance Process 5 – Agenda Planning (GP5).

4682 (agenda no. 21) Adjournment
There being no further business to come before the board, Chair Eckels adjourned the meeting at 12:42 p.m.
APPROVED BY THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM BOARD OF TRUSTEES ON THE 5th DAY OF DECEMBER 2019.

ATTESTED BY:

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

Date: 12/4/19