

**Texas County & District Retirement System  
Minutes of the Board of Trustees' Meeting  
September 12, 2019**

<b>Agenda Number</b>	<b>Description</b>
1	Call meeting to order
2	Receive report of fiduciary counsel
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
4	Employee recognition
5	Consider consent agenda items
a	June 2019 regular meeting minutes
b	Quarterly financial statements
c	Participation of new districts
d	Plan termination of Refugio Groundwater Conservation District
6	Consider executive director's monitoring report
7	Consider chief investment officer's monitoring report
8	Receive investment performance measurement and investment consultant reports
9	Consider hedge funds, distressed debt, private real estate, strategic credit, direct lending and private equity investments
10	Consider amendment(s) and update(s) to investment policy
11	Receive report on board's linkage policy
12	Consider amendment(s) to board governance policies
13	Report on operations
14	Receive report of consulting actuary
15	Receive report of legal counsel
16	Receive report of deputy executive director
17	Receive report of executive director
18	Consider 2020 trustee meeting dates
19	Receive report of chair
20	Consider compliance at this meeting with board's governance policies
21	Adjournment

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 McGeehan, 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 Dwiggin, 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.

4b. Approval of quarterly financial statements as of Jun. 30, 2019.

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 (EI) 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 (EI) 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:

Buyout	\$200 million	Distressed Debt	\$150 million or equivalent in € or £
Venture Capital	\$100 million	Real Estate	\$150 million or equivalent in € or £
Real Assets	\$200 million	Direct Lending commingled funds	\$250 million or equivalent in € or £
Non-U.S.	\$200 million or equivalent in € or £		

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.

SCHEDULE I

Direct Lending

- \* AG DIF fund of one
- \* AG Net Lease IV
- \* Cerberus RE Debt  
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>)**

**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 5<sup>th</sup> DAY OF  
DECEMBER 2019.**

**ATTESTED BY:**

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

12/6/19  
\_\_\_\_\_  
Date