

**Texas County & District Retirement System  
Minutes of the Board of Trustees' Meeting  
June 22, 2023**

<b>Agenda Number</b>	<b>Description</b>
1	Call meeting to order
2	Receive report of executive director and legislative update
3	Receive report of fiduciary counsel
4	Public comment
5	Consider consent agenda items
a	March 2023 regular meeting minutes
b	Quarterly financial statements
c	Participation of new districts
6	Consider report of independent financial auditor
7	Consider executive director's monitoring report
8	Consider chief investment officer's monitoring report
9	Consider report on investment practices & performance evaluation as required by Texas Government Code 802.109
10	Receive investment performance measurement and investment consultant reports
11	Consider hedge funds, distressed debt, private real estate, strategic credit, direct lending and private equity investments
12	Consider Master Limited Partnerships and Index Fund managers due diligence review reports
13	Consider amendment(s) and update(s) to investment policy
14	Consider report of consulting actuary, including report on valuation and approve 2024 contribution rates
15	Receive annual comprehensive financial report
16	Receive report on operations
17	Review governance policy and consider amendment(s) to board's governance policies
18	Receive report of legal counsel
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 June 22, 2023, in Austin, Texas.

**Trustees:**

1. Mary Louise Nicholson, Chair
2. Deborah Hunt, Vice-Chair
3. Tammy Biggar
4. Chris Davis
5. Sammy Farias
6. Susan Fletcher
7. Kara Sands
8. Holly Williamson

**Trustees not attending:**

9. Chris Taylor

**Staff:**

Amy Bishop, Executive Director  
Casey Wolf, Chief Investment Officer  
Karen Correa, Deputy Executive Director  
Sandra Bragg, Deputy Investment Officer-Operations  
Jon Shoen, Deputy Chief Investment Officer  
Ann McGeehan, General Counsel  
John Hawes, Director, Finance  
Nathan Joiner, Accounting Manager  
Chris Bucknall, Director, Actuarial Services  
Michelle Kranes, Chief Operating Officer  
Kathy Thrift, Chief Customer Officer  
Julie Dwiggin, Executive Assistant  
Tina Silguero, Records & Information Analyst  
Chad Estes, Business Analyst  
Allison Coffey, Director, Compliance  
Trey Lanshe, Director, Anti-Fraud

**Consultants:**

Matt Larrabee, Milliman, Inc.  
Craig Glyde, Milliman, Inc.  
Kathy Barchick, Cliffwater, LLC  
Susan Warren, KPMG, Inc.  
Mona Lisa Suubi, KPMG, Inc.

Alyca Riley-Garrison, Jackson Walker  
Laurel Malone, Jackson Walker

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

**5029 (agenda no. 1) Call meeting to order**

Chair Nicholson called the meeting to order at 8:30 a.m.

**5030 (agenda no. 2) Receive report of executive director and legislative update**

Amy Bishop, Executive Director, presented the executive director report which highlighted TCDRS receiving the GFOA Award for Excellence in Financial Reporting for the 2021 Annual Comprehensive Financial Report. In addition, Ms. Bishop discussed the upcoming TCDRS annual conference to be held July 20-21 and provided a status of the building remodel project.

Ms. Bishop also provided a brief summary of legislation that TCDRS tracked during the 88<sup>th</sup> Regular Legislative Session.

*Note: Trustee Sands joined the meeting at 8:50 a.m. There were eight (8) trustees present for the meeting.*

**5031 (agenda no. 3) Receive report of fiduciary counsel**

Alyca Riley-Garrison, with Jackson Walker, had no report for this meeting.

**5032 (agenda no. 4) Public comment**

No members of the public provided public comments.

**5033 (agenda no. 5) Consider consent agenda items**

Karen Correa, Deputy Executive Director, presented three consent agenda items.

6a. Approval of March 2023 regular meeting minutes.

6b. Approval of quarterly financial statements as of March 31, 2023.

6c. Approval of participation of seven (7) new districts to join the system (Angelina & Neches River Authority, Colorado County Appraisal District, Harris County Fresh Water Supply District No. 51, Montgomery County Emergency Services District #6, Nueces County Emergency Services District #1, Wilson County Emergency Services District #5 and Hudspeth Appraisal District).

**Motion:** Trustee Davis made a motion to approve the consent agenda items. Trustee Williamson seconded. Motion carried.

**5034 (agenda no. 6) Consider report of independent financial auditor**

Susan Warren, with KPMG, presented the results from KPMG's independent financial audit of TCDRS' Dec. 31, 2022, financial statements and the results of the SOC-I audit which gives employers' auditors assurance that the data provided for their financial reports is reliable. The report included a discussion of the responsibilities of management, trustees and KPMG regarding the audit. Ms. Warren stated that TCDRS received an unmodified ("clean") opinion for the Dec. 31, 2022, financial statements and the SOC-I audit with no exceptions to report.

**Motion:** After discussion, Trustee Fletcher made a motion to accept the audit report by KPMG. Trustee Williamson seconded. Motion carried.

**5035 (agenda no. 7) Consider executive director's monitoring report**

Amy Bishop presented the executive director's monitoring report, which included the annual *EL2 – Services to Members and Employers* and the quarterly *EL5 – Financial Activities*. Ms. Bishop discussed compliance with each monitoring report and reported compliance with the executive limitations as required by the Board of Trustees' Policy Manual.

**Motion:** After discussion, Trustee Farias made a motion to approve the executive director's monitoring report. Vice-chair Hunt seconded. Motion carried.

**5036 (agenda no. 8) Consider chief investment officer's monitoring report**

Casey Wolf, Chief Investment Officer, presented the chief investment officer's monitoring report which included the quarterly *EL5 – Financial Activities* and *EL11 – Investment Policies*. Mr. Wolf discussed each monitoring report and reported compliance with the executive limitations as required by the Board of Trustees' Policy Manual.

**Motion:** After discussion, Vice-chair Hunt made a motion to approve the chief investment officer's monitoring report. Trustee Biggar seconded. Motion carried.

**5037 (agenda no. 9) Consider report on investment practices & performance evaluation as required by Texas Government Code 802.109**

Kathy Barchick, with Cliffwater, presented a summary of the Investment Practices and Performance Evaluations Report prepared by Cliffwater. Pursuant to state law, TCDRS must select an independent firm to evaluate its investment practices and performance every three years.

**Motion:** Vice-chair Hunt made a motion to adopt the *Resolution to Accept 2023 Investment Practices & Performance Report* as provided by staff. Trustee Davis seconded the motion. Motion passed.

**5038 (agenda no. 10) 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 March 31, 2023.

**5039 (agenda no. 11) Consider hedge funds, distressed debt, private real estate, strategic 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 5038 above.

**Motion:** Vice-chair Hunt made a motion to adopt the *Board Resolution for Approval of Investments* as provided by staff. Trustee Fletcher seconded the motion. Motion passed.

### **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 June 22, 2023, 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	\$300 million	Distressed Debt commingled funds	\$200 million or equivalent in € or £
Venture Capital	\$150 million	Real Estate	\$175 million or equivalent in € or £
Real Assets	\$200 million	Direct Lending commingled funds	\$300 million or equivalent in € or £
Non-U.S.	\$250 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 14 of the TCDRS Investment Policy and the allocation bands in Table 1 of the TCDRS Investment Policy.

RESOLVED, that for all strategic credit funds, distressed debt funds-of-one, 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 13 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 transfer assets from any previously Board-approved private markets fund, as well as commit additional assets, to a continuation vehicle managed by the existing general partner, even though such investments are not named on Schedule 1 attached hereto or in a prior Board resolution, provided that the Investment Officer notifies the Board of the continuation fund investment at the next regularly scheduled meeting of the Board, 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 carry out the purposes and intent of the foregoing resolutions and to perform the obligations of TCDRS under the Investments and the instruments referred to therein.

## SCHEDULE I

### Direct Lending

Comvest Credit Partners VII

### Private Equity & Co-Investments

\* Kester Capital III – Non-US

\* Oakley Capital Origin II – Non-US

Shamrock Capital Growth Fund VI – Buyout

TCG LABS (The Column Group) – Venture

Wynnchurch VI – Buyout

\* potential new manager relationship

**Note:** *The Resolution for Approval of Investments is essentially a forward calendar of possible investments that may be made by the Chief 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 [Investments page on the TCDRS website](#).*

### **5040 (agenda no. 12) Consider Master Limited Partnerships and Index Fund managers due diligence review reports**

Kathy Barchick presented a formal review of the current master limited partnerships and index fund managers. Ms. Barchick recommended to retain Harvest Fund Advisors LLC as Master Limited Partnerships manager and State Street Global Advisors as Index Fund manager.

**Motion:** After discussion, Trustee Biggar made a motion to retain the current Master Limited Partnerships and Index Fund managers. Trustee Davis seconded. Motion carried.

### **5041 (agenda no. 13) Consider amendment(s) and update(s) to investment policy**

No amendments or updates to the investment policy at this meeting.

### **5042 (agenda no. 13) Consider report of consulting actuary, including report on valuation and approve 2024 contribution rates**

Matt Larrabee and Craig Glyde, with Milliman, presented the report of the consulting actuary.

Mr. Larrabee presented the Dec. 31, 2022, actuarial valuation. The aggregate funded ratio of the system increased to 88.6% (up from 88.5%) and the aggregate required contribution rate decreased to 12.31% (down from 12.38%). The two major factors that contributed to these changes were the earnings allocation was less than assumed which was offset by favorable demographic experience.

**Motion:** After discussion, Trustee Williamson made a motion to approve the 2024 retirement plan employer contribution rates for plans with no changes and the 2024 premium rates for the Group Term Life Fund as recommended by Milliman in the [System-Wide Actuarial Valuation as](#)

[of Dec. 31, 2022](#), and to authorize Milliman to calculate the 2024 employer contribution rates for employer plans that adopt plan changes. Trustee Sands seconded. Motion carried.

#### **5043 (agenda no. 15) Receive annual comprehensive financial report**

Nathan Joiner, Director of Finance, presented the [TCDRS Annual Comprehensive Financial Report for the year ending Dec. 31, 2022](#) by reviewing and discussing the theme, awards and highlighting information from each of the individual sections.

#### **5044 (agenda no. 16) Receive report on operations**

Karen Correa, Deputy Executive Director, Michelle Kranes, Chief Operating Officer, and Kathy Thrift, Chief Experience Officer, presented the operations report.

Karen Correa presented an update on the progress of the digital transformation project. She discussed how TCDRS has delivered smart automation, expanded service and delivery channels, improved member security and self-service, and automated and enhanced communications.

Michelle Kranes discussed the impact of these recent service enhancements on members, including that members may now request withdrawals by phone, payments are processed daily, and member authentication processes have improved. This has resulted in increased digital adoption, higher satisfaction scores and an average payment turnaround of three days.

Kathy Thrift presented a report on the implementation of a new tool to manage and measure customer feedback that includes real-time feedback, improved data access for management, and better tools to address feedback.

**Note:** Trustee Farias left the meeting during agenda item 16 at 11:47 a.m. There were seven (7) trustees present for the remainder of the meeting.

**Note:** Meeting was recessed at 11:53 a.m. and reconvened at 12:15 p.m.

#### **5045 (agenda no. 16) Review governance policy and consider amendments to board's governance policies**

Amy Bishop presented the governance policies that were up for review in the second quarter according to the board's governance policy monitoring schedule. The policies up for review were GP4 – Trustee Education, GP5 Agenda Planning, GP6 Board Officer's Roles, BSR3 – Accountability of Director and Investment Officer and BSR4 – Delegation to the Director and Investment Officer. The board did not have revisions to the governance policies.

#### **5046 (agenda no. 17) Receive report of legal counsel**

Ann McGeehan, General Counsel, presented the legal counsel report.

Ms. McGeehan presented a report on the TCDRS building. She reported that the building is fully leased, and also discussed building improvements completed or scheduled for completion in 2023.

Ms. McGeehan also reported that the Office of the Attorney General issued a ruling favorable to TCDRS regarding a pending public information request for confidential data.



**5047 (agenda no. 19) Consider report of chair**

Chair Nicholson briefly summarized the East Coast investment educational trip for trustees who were unable to attend and encouraged trustees to attend when schedules permit. She also encouraged trustees to attend the TCDRS Annual Conference.

**5048 (agenda no. 20) Consider compliance at this meeting with the board's governance policies**

The board discussed and determined its compliance during this meeting as required by governance policy *GP5 – Agenda Planning*.

**5049 (agenda no. 21) Adjournment**

There being no further business to come before the board, Chair Nicholson adjourned the meeting at 12:22 p.m.

**APPROVED BY THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM BOARD OF TRUSTEES ON THE 14<sup>TH</sup> DAY OF SEPTEMBER 2023.**

**ATTESTED BY:**



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

09/15/2023

\_\_\_\_\_  
Date