

**Texas County & District Retirement System**  
**Minutes of the Board of Trustees' Meeting**  
**December 8, 2022**

<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	Public comment
5	Receive report of executive director
6	Consider consent agenda items
6a	September 2022 regular board meeting minutes
6b	Quarterly financial statements
6c	Participation of new districts
6d	Special services provisions for Robertson County Emergency Services District
7	Consider executive director's monitoring report
8	Consider chief investment officer's monitoring report
9	Receive investment performance measurement and investment consultant reports
10	Consider hedge funds, distressed debt, private real estate, strategic credit, direct lending and private equity investments
11	Consider amendment(s) and update(s) to investment policy
12	Receive 2023 alternative investments annual plan
13	Receive report of consulting actuary
14	Consider executive director's and chief investment officer's compliance with EL9 — <i>Communication and Support to the Board</i>
15	Receive external auditor report on pre-audit planning
16	Consider retirement plan options for TCDRS as an employer for 2023
17	Consider operating plan and budget for 2023
18	Executive session in accordance with Texas Government Code Section 551.074 for the purpose of evaluating the performance of executive director and chief investment officer
19	Consider 2023 salary for executive director and chief investment officer
20	Consider resolution to transfer funds for 2023 operations
21	Review governance policy and consider amendment(s) to board's governance policies
22	Receive report of legal counsel
23	Receive report of deputy executive director
24	Receive report of chair

- 25 Consider Resolution of Appreciation for Tom Harrison
- 26 Election of chair and vice-chair for terms beginning after this fourth regular meeting and ending after the fourth regular meeting in 2023
- 27 Consider compliance at this meeting with board's governance policies
- 28 Adjournment

The Board of Trustees of the Texas County & District Retirement System met on December 8, 2022, in Austin, TX.

**Attendees**

**Trustees:**

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

**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  
Tina Silguero, Records & Information Analyst  
Chad Estes, Business Analyst

**Consultants:**

Matt Larrabee, Milliman, Inc.  
Kathy Barchick, Cliffwater, LLC  
Susan Warren, KPMG LLP  
Mona Lisa Suubi, KPMG LLP  
Chuck Campbell, Jackson Walker L.L.P

**Others:**

Jason McElvaney, McElvaney Public Affairs

Shain Carrizal, Harris County, Sr. Director, Human Resources & Risk Management

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

**4977 (agenda no. 1) Call meeting to order**

Chair Nicholson called the meeting to order at 8:33 a.m.

**4978 (agenda no. 2) Receive report of fiduciary counsel**

Chuck Campbell of Jackson Walker L.L.P. had no report.

**4979 (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.

**4980 (agenda no. 4) Public comment**

No members of the public were present at this meeting.

**4981 (agenda no. 5) Receive report of executive director**

Amy Bishop, Executive Director, reported that TCDRS received for the 20<sup>th</sup> consecutive year the Public Pension Standards Award for Funding and Administration in recognition of meeting professional standards for plan funding and benefit administration. In addition, she highlighted an upcoming December systems rollout that includes implementation of the new IRS Form W4-P, the ability for members to apply for retirement via the call center, and work management enhancements such as improved communications, smart automation and improved workflow tools. Finally, Bishop presented the results of a recent information security assessment showing significant improvement in information security maturity.

**4982 (agenda no. 6) Consider consent agenda items**

Amy Bishop presented four consent agenda items.

6a. Approval of September 2022 regular board meeting minutes.

6b. Approval of quarterly financial statements as of Sept. 30, 2022.

6c. Approval of participation for four (4) new employers (Hale County Appraisal District, Harris County Municipal Utility District No. 50, Palo Pinto County Emergency Services District No. 1 and the Sonterra Municipal Utility District).

6d. Special services provisions for Robertson County Emergency Service District

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

**4983 (agenda no. 7) Consider executive director's monitoring report**

Amy Bishop presented the executive director's monitoring report, which included *EL3 – Staff, EL6 – Emergency Director Succession and EL7 – Asset Protection* and the quarterly *EL5 – Financial Activities*. Ms. Bishop discussed compliance with each monitoring report and reported compliance.

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

**4984 (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 annual *EL3 – Staff, EL6 – Emergency Investment Officer Succession, and EL7 – Asset Protection* and the quarterly *EL5 – Financial Activities and ELI I – Investment Policies*. Mr. Wolf discussed various elements of each monitoring report and reported compliance.

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

**4985 (agenda no. 9) 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 ending Sept. 30, 2022.

**4986 (agenda no. 10) 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 4985 above.

**Motion:** After discussion, Trustee Sands made a motion to approve 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 Farias seconded. Motion carried. Trustee Biggar was temporarily absent from the meeting and not present for the vote.

**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 December 8, 2022, 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**

### **Continuation Funds**

Marlin Strategic Opportunities I – from Marlin Heritage approved 2/20/14 and from Marlin Heritage Europe approved 6/23/16

### **Direct Lending**

Ares Capital Europe VI

### **Private Equity & Co-Investments**

- \* May River III – Buyout
- ZMC Co-Invest 1 – Buyout
- DCVC Bio III – Venture
- Juxtapose Ventures III – Venture
- Lux Ventures VIII & Total Opps II – Venture
- Mayfield XVII & Select III – Venture
- Summit Partners Venture VI – Venture
- Marlin Heritage Europe III – Non-US

\* 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 Our Investments page on the TCDRS website.**  
**(<https://www.tcdrs.org/OurInvestments/Pages/OurInvestments.aspx>)**

**4987 (agenda no. 11) Consider amendment(s) and update(s) to investment policy**

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

**4988 (agenda no. 12) Consider 2023 alternative investments annual plan**

Kathy Barchick presented a report and recommendations on the 2023 alternative investments annual plan.

**4989 (agenda no. 13) Receive report of consulting actuary regarding results of the experience study and actuarial audit**

Matt Larrabee, with Milliman, presented the report of consulting actuary which included the actuarial valuation process and calendar.

**4990 (agenda no. 14) Consider executive director's and chief investment officer's compliance with EL9 – *Communication and Support to the Board***

Amy Bishop and Casey Wolf discussed *EL9 – Communication and Support to the Board* by which the board annually monitors the communications it receives from the executive director and the chief investment officer and determines if the information provided has been enough to meet the board's needs in governing TCDRS.

**Motion:** After discussion, Trustee Sands made a motion to approve the director's and investment officer's compliance with EL9. Trustee Farias seconded. Motion carried. Chair Nicholson was temporarily absent and not present for the vote.

**4991 (agenda no. 15) Receive external auditor report on pre-audit planning**

Susan Warren and Mona Lisa Suubi, with KPMG, conducted a pre-audit planning presentation that included discussion and confirmation by the board of certain items and issues related to the upcoming audit of TCDRS' 2022 financial statements.

**4992 (agenda no. 16) Consider retirement plan options for TCDRS as an employer for 2023**

Chris Bucknall discussed TCDRS' current plan of benefits as an employer and made a recommendation to make no plan changes for members, maintain the elected rate of 13.5% for 2023 and to make a lump sum payment of \$240,000, funded from 2022 budget savings.

**Motion:** After discussion, Trustee Hunt made a motion to approve the retirement plan for TCDRS as an employer including no plan changes for members, a 13.5% elected employer contribution rate for 2023 and a \$240,000 lump-sum contribution. Trustee Williamson seconded. Motion carried.

**Note:** Meeting was recessed for lunch at 12:07 p.m. and the meeting reconvened at 1243 p.m.



**4993 (agenda no. 17) Consider operating plan and budget for 2023**

Amy Bishop, Casey Wolf and Tom Harrison presented the administrative operations, investments and building operations plans and budgets for 2023.

**Motion:** After discussion, Vice-chair Hunt made a motion to approve the operating plan and budget for 2023. Trustee Fletcher seconded. Motion carried.

**4994 (agenda no. 20) Consider resolution to transfer funds for 2023 operations**

Amy Bishop discussed the amount necessary to transfer from the Endowment Fund to the Expense Fund to fund the administrative and building budgets adopted for 2023.

**Motion:** After discussion, Trustee Williamson made a motion to approve the *Resolution for 2023 Expense Funding* with a transfer amount of \$29,000,000. Trustee Davis seconded. Motion carried.

**Resolution for 2023 Expense Funding**

In accordance with Section 845.310 of the Texas Government Code, the Board orders that on or after Jan. 1, 2023, \$29,000,000 be transferred from the Endowment Fund to the Expense Fund in order to adequately fund all administrative expenses for 2023.

**4995 (agenda no. 21) Review governance policy and consider amendment(s) to board's governance policies**

Amy Bishop presented *GPI0 – Board Expense Reimbursement*, *GPI2 – Independent Financial Audit* and *GPI3 – Consulting Actuary* for board review. GPI1 is reserved for future use. No amendments were made at this meeting.

**4996 (agenda no. 22) Consider report of legal counsel**

Ann McGeehan, General Counsel, reported that there was no update on an administrative appeal pending with the State Office of Administrative Hearings (SOAH).

**4997 (agenda no. 23) Consider report of deputy executive director**

Tom Harrison, Deputy Executive Director, delivered a report on building operations which highlighted that the building is 100% leased, budgeted improvements have been made to the building and that the appraisal on the building increased by 3% since 2021.

**4998 (agenda no. 18) Executive session in accordance with Texas Government Code Section 551.074 for the purpose of evaluating the performance of executive director and chief investment officer**

At 12:34 p.m., the open meeting of the board was recessed. An executive session convened in accordance with Texas Government Code Section 551.074, to evaluate the performance of the executive director and chief investment officer. The open meeting reconvened at 1:59 p.m. No action, decision or vote was taken by the board while in executive session.

**4999 (agenda no. 19) Consider 2023 salary for executive director and chief investment officer**

**Motion:** Vice-chair Hunt made a motion that beginning the first pay period of 2023, the Executive Director's salary be increased to \$435,000. Trustee Sands seconded. Motion carried.

**Motion:** Trustee Williamson made a motion that beginning the first pay period of 2023, the Chief Investment Officer's salary be increased to \$630,000. Trustee Sands seconded. Motion carried.

**5000 (agenda no. 24) Consider report of chair**

Chair Nicholson had no report.

**5001 (agenda no. 25) Consider resolution of Appreciation for Tom Harrison**

Chair Nicholson read the following Resolution of Appreciation for Tom Harrison to be recorded in the minutes.

**Motion:** After discussion, Trustee Taylor made a motion to approve the *Resolution of Appreciation Honoring the Service of Warren Thomas Harrison, Deputy Executive Director* as presented by Chair Nicholson. Trustee Davis seconded. Motion carried.

**Resolution of Appreciation  
Honoring the Service of  
Warren Thomas Harrison, Deputy Executive Director  
By the Board of Trustees of the Texas County & District Retirement System**

WHEREAS, Warren Thomas Harrison ("Tom"), has served the Texas County and District Retirement System for 18 years with distinction and honor;

WHEREAS, Tom began his career at TCDRS in December 2002 serving as the first in-house general counsel, then later as Deputy Executive Director, and helped guide TCDRS from a retirement system with 131,000 members, 525 participating employers and assets of \$8.9 billion to the second largest retirement system in the state with 345,000 members, 830 participating employers and plan assets of \$45 billion;

WHEREAS, Tom's wise legal counsel kept TCDRS largely free from litigation, and in those rare occasions in which TCDRS was a party to a lawsuit, Tom helped guide the litigation to an equitable resolution;

WHEREAS, Tom also served as governmental relations liaison and his strong relationships with legislators and his deep understanding of the legislative process allowed TCDRS to mature into a nimble and responsive retirement system that is a model of good governance and good funding;

WHEREAS, if a thorny question arose on any matter, be it legal, personnel, policy, or other, the response was always, “Let’s ask Tom!”, and Tom would provide thoughtful advice and steer the system in the right direction;

WHEREAS, Tom appreciates each person’s unique talents and could bring out the best among his diverse staff and colleagues;

WHEREAS, Tom is a credit to A&M University, University of Texas School of Law, and to the State of Texas, and he is greatly appreciated by his current and former colleagues, employees, and managers for his dedication to public service and for being a fun person to work with who never took himself or others too seriously;

NOW, THEREFORE, BE IT RESOLVED, THAT THE Board of the Texas County and District Retirement System conveys its deepest gratitude to Warren Tom Harrison for distinguished service and congratulates him on the occasion of his retirement as Deputy Executive Director.

**5002 (agenda no. 26) Election of chair and vice-chair for terms beginning after this fourth regular meeting and ending after the fourth regular meeting in 2023**

**Motion:** Trustee Davis made a motion that Mary Louise Nicholson continue to serve as Chair and Deborah Hunt continue to serve as Vice-Chair for terms beginning after the fourth regular meeting of 2022 and ending after the fourth regular meeting in 2023. Trustee Williamson seconded. Motion carried.

**5003 (agenda no. 27) Consider compliance at this meeting with board’s governance policies**

The board discussed and determined its compliance with the governance policies during this meeting as required by *GP5 - Agenda Planning*.

**5004 (agenda no. 28) Adjournment**

There being no further business to come before the board, the meeting was adjourned at 2:06 p.m.

**APPROVED BY THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM BOARD OF TRUSTEES ON THE 9th DAY OF MARCH 2023.**

**ATTESTED BY:**



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

March 9, 2023

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Date