

**Texas County & District Retirement System
Minutes of the Board of Trustees' Meeting
June 20, 2024**

Agenda Number	Description
1	Call meeting to order
2	Receive report of executive director
3	Public comment
4	Consider consent agenda items
4a	March 2024 regular meeting minutes
4b	Quarterly financial statements
4c	Participation of new districts
4d	Special service provision for Bexar County Emergency Service District #3
4e	Special service provision for Nevada Special Utility District
5	Consider executive director's monitoring report
6	Consider chief investment officer's monitoring report
7	Receive investment performance measurement and investment consultant reports
8	Consider hedge funds, distressed debt, private real estate, strategic credit, direct lending and private equity investments
9	Consider amendment(s) and update(s) to investment policy
10	Consider resolution of appreciation for Kathy Barchick
11	Consider report of independent financial auditor
12	Consider report of consulting actuary, including report on valuation and approve 2025 contribution rates
13	Receive annual comprehensive financial report
14	Receive report on operations
15	Review governance policy and consider amendment(s) to board's governance policies
16	Receive report of legal counsel
17	Consider notice of intent to review rules – 34 T.A.C. Chapters 101, 103, 105, 107, 109, 111 and 113
18	Receive report of fiduciary 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 20, 2024, in Austin, Texas.

Trustees:

1. Mary Louise Nicholson, Chair
2. Deborah Hunt, Vice-Chair
3. Chris Davis
4. Sammy Farias
5. Susan Fletcher
6. Ronnie Keister
7. Chris Taylor
8. Holly Williamson

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
Nathan Joiner, Director, Finance
Chris Bucknall, Director, Actuarial Services
Kathy Thrift, Chief Experience Officer
Jay Dyer, Director, Government and External Affairs
Colleen Clemens, Executive Office Coordinator
Natalia Ashley, Staff Attorney
Chad Estes, Systems Administrator, User Experience

Consultants:

Matt Larrabee, Milliman, Inc.
Nick Collier, Milliman, Inc.
Kathy Barchick, Cliffwater, LLC
James Fielder, Cliffwater, LLC
Susan Warren, KPMG, Inc.
Mona Lisa Suubi, KPMG, Inc.
Chuck Campbell, Jackson Walker
Jason McElvaney, McElvaney Public Affairs

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

5122 (agenda no. 1) Call meeting to order

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

5123 (agenda no. 2) Receive report of executive director

Amy Bishop, Executive Director, presented the executive director report, which highlighted the upcoming TCDRS annual conference to be held July 20-21 and the strategic planning process.

5124 (agenda no. 3) Public comment

No members of the public provided public comments.

5125 (agenda no. 4) Consider consent agenda items

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

4a. Approval of March 2024 regular meeting minutes.

4b. Approval of quarterly financial statements as of March 31, 2024.

4c. Approval of participation of three (3) new districts to join the system (Housing Authority of the City of Crowell, Water Oriented Recreation District of Comal County and Winnie Stowell Hospital District).

4d. Special service provision for Bexar County Emergency Services District #3.

4e. Special service provision for Nevada Special Utility District.

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

5126 (agenda no. 5) 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 an exception to Policy 6 of EL5.

Motion: Trustee Taylor made a motion to approve the executive director's monitoring report. Trustee Farias seconded. Motion carried.

5127 (agenda no. 6) 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, Trustee Williamson made a motion to approve the chief investment officer's monitoring report. Trustee Davis seconded. Motion carried.

5128 (agenda no. 7) Receive investment performance measurement and investment consultant reports

Casey Wolf and Cliffwater representatives, Kathy Barchick and James Fielder, presented the investment performance measurement and investment consultant reports for the period which ended March 31, 2024.

5129 (agenda no. 8) 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: Trustee Taylor made a motion to adopt the *Board Resolution for Approval of Investments* as provided by staff. Trustee Williamson 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 20, 2024, 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 EUR or GBP
Venture Capital	\$150 million	Real Estate	\$175 million or equivalent in EUR or GBP
Real Assets	\$200 million	Direct Lending commingled funds	\$300 million or equivalent in EUR or GBP
Non-U.S.	\$250 million or equivalent in EUR or GBP		

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

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](#).

5130 (agenda no. 9) Consider amendment(s) and update(s) to investment policy

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

5131 (agenda no. 10) Consider resolution of appreciation for Kathy Barchick

Chair Nicholson read the following Resolution of Appreciation for Kathy Barchick to be included in the minutes.

Motion: Vice-Chair Hunt made a motion to approve *Resolution of Appreciation for Kathy Barchick* as presented by Chair Nicholson. Trustee Davis seconded. Motion carried.

Resolution of Appreciation Honoring Kathy Barchick

By the Board of Trustees of the Texas County & District Retirement System (TCDRS)

WHEREAS, Kathy Barchick (“Kathy”), has served as TCDRS’ primary investment consultant for over twenty-five years with distinction and honor;

WHEREAS, Kathy in her role as a senior managing director of Cliffwater, and as an associate with Wilshire prior to that, has served as a consultant to TCDRS since 1996 with only a one-year break.

WHEREAS, Kathy been an integral part of TCDRS’ investment success helping to support one of the best-funded retirement systems and best-performing public pension investment programs in the nation;

WHEREAS, Kathy has helped grow TCDRS from \$5.2 billion from her start in 1996 into a \$46 billion trust as of Dec. 31, 2023;

WHEREAS, Kathy has been instrumental in helping the board diversify TCDRS’ assets from a 100% fixed-income portfolio to a fully diversified portfolio, including private equity, direct lending, hedge funds, real estate and strategic credit, among other asset classes;

WHEREAS, Kathy has provided guidance and education to the staff and the board on numerous issues ranging from education on asset classes to recommendations on asset allocation to investment governance to public and private investment strategy;

WHEREAS, Kathy’s ability to distill and communicate complex and nuanced information to the TCDRS Board has allowed them to make those decisions that have made TCDRS one of the most consistently performing and financially secure public pensions;

WHEREAS, Kathy has a knack for ensuring that learning about investments (and wine, travel and golf) is fun by bringing her energy and joy of life into her work;

WHEREAS, Kathy is a credit to Cliffwater, the US Air Force, the State of Texas and the over 870 counties and governmental districts and 380,000 hard-working Texans that participate in TCDRS. She is greatly appreciated by the staff and board of TCDRS for her dedication to excellence, her investment savvy, her smarts, her communication skills, her friendship and for being a pleasure to work with over the years.

NOW, THEREFORE, BE IT RESOLVED, THAT THE Board of the Texas County and District Retirement System conveys its deepest gratitude to Kathy Barchick for her distinguished service and congratulates her on her retirement from Cliffwater and on being named an honorary Texan by Governor Abbott.

5132 (agenda no. 11) Consider report of independent financial auditor

Susan Warren, with KMPG, presented the results of the independent financial audit of the Texas County and District Retirement System. Ms. Warren communicated that the audits of the financial statements, the schedule of changes in fiduciary net position by employer, and the SOC report all received unmodified (clean) opinions.

Motion: After discussion, Trustee Farias made a motion to accept the results of the independent financial audit. Trustee Fletcher seconded. Motion carried.

5133 (agenda no. 12) Consider report of consulting actuary, including report on valuation and approve 2025 contribution rates

Matt Larrabee and Nick Collier, with Milliman, presented the report of the consulting actuary.

Mr. Larrabee presented the Dec. 31, 2023 actuarial valuation. The aggregate funded ratio of the system increased to 89.1% (up from 88.6%), and the aggregate required contribution rate decreased to 12.06% (down from 12.46%). The major factor that contributed to these changes was larger-than-assumed payroll increases.

Motion: After discussion, Trustee Keister made a motion to approve the 2025 retirement plan employer contribution rates and the 2025 premium rates for Group Term Life as recommended by Milliman in the *System-Wide Actuarial Valuation as of December 31, 2023*; and authorize Milliman to calculate the 2025 employer contribution rates for employer plans that adopt benefit changes. Trustee Taylor seconded. Motion carried.

5134 (agenda no. 13) Receive annual comprehensive financial report

Nathan Joiner, TCDRS Director of Finance, presented the [TCDRS Annual Comprehensive Financial Report for the year ending Dec. 31, 2023](#), by highlighting the theme, awards and information from each of the individual sections.

5135 (agenda no. 14) Receive report on operations

Karen Correa, Deputy Executive Director and Kathy Thrift, Chief Experience Officer, presented the operations report, which highlighted TCDRS' member experience by career stage. They discussed the updated digital experience that includes personalization, improved speed and enhanced communications and security. In addition, they shared next steps, including the upcoming rollout to provide members the ability to manage representatives on our website or via the contact center.

5136 (agenda no. 15) 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.

5137 (agenda no. 16) 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 other than the former TCDRS space on the 3rd floor, the building is fully leased, and discussed building improvements scheduled for 2024.

5138 (agenda no. 17) Consider notice of intent to review rules – 34 T.A.C. Chapters 101, 103, 105, 107, 109, 111 and 113

Ann McGeehan, General Counsel, provided notice of intent to review administrative rules in accordance with Texas state law.

Motion: After discussion, Trustee Williamson made a motion to approve the publication of the intent to review rules. Trustee Taylor seconded. Motion carried.

5137 (agenda no. 18) Receive report of fiduciary counsel

Chuck Campbell, with Jackson Walker, presented the fiduciary counsel report.

Mr. Campbell presented information on the allocation of roles and duties regarding the investment policy and recommended an amendment to the investment policy to be voted on at the September Board Meeting.

5139 (agenda no. 19) Consider report of chair

Chair Nicholson had no report.

5140 (agenda no. 20) Consider compliance at this meeting with the board's governance policies

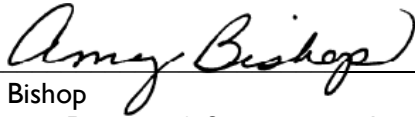
The board discussed and determined its compliance during this meeting as required by governance policy *GP5 – Agenda Planning*.

5141 (agenda no. 21) Adjournment

There being no further business to come before the board, Chair Nicholson adjourned the meeting at 11:59 a.m.

APPROVED BY THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM BOARD OF TRUSTEES ON THE 12TH DAY OF SEPTEMBER 2024.

ATTESTED BY:



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

9/12/2024

Date