



Summary of TCDRS Board Meeting Held March 17, 2022

The key events at the board meeting were:

- The board approved the consent agenda, which included:
 - December 2, 2021 meeting minutes
 - Quarterly financial statements
 - Participation of 5 new districts (Central Texas Council of Governments, Chillicothe Hospital District, Harris County Emergency Services District No. 8, South Texas Water Authority, Verona Special Utility District)
 - Adoption of 7% as the highest percentage increase that an employer may elect when adopting a flat-rate COLA for retirees in plan year 2023
 - Approval of lump-sum payoffs to members with small monthly annuities due to federal minimum distribution requirements
 - Clarification to special retirement eligibility rules previously adopted by Harris County
- The board approved the monitoring reports of both the executive director and the chief investment officer. Discussions of the following Executive Limitations were included in both reports: EL1 Global Executive Constraint, EL4 Operational Budgets, EL5 Financial Activities and EL10 Pension Plan Financial Planning. In addition, the executive director reported on EL8 Plan Funding, and the chief investment officer reported on EL11 Investment Policies.
- The chief investment officer and the outside investment consultant, Cliffwater, presented an investment performance update for the fourth quarter of 2021, and the board adopted a resolution authorizing certain investments following successful due diligence.
- The board approved the 2021 capital market assumptions as recommended by Cliffwater and made no adjustments to the asset allocation, as recommended by Cliffwater and staff. The asset allocation is projected to earn 7.8% based on the updated capital market assumptions with expected risk at 12.6%. The board adopted amendments to the [Investment Policy](#) to reflect the newly adopted capital market assumptions.
- Based on the estimated investment one year return of 20.0% net of fees as of Dec. 31, 2021, the board determined that the allocation of 2021 investment results will be 10.0% to



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employers' total plan assets, and any remaining net investment income amounts will be transferred to the general reserves account. It is estimated that the reserves will be \$4.8 billion, 11% of assets.

- The actuarial consultant, Milliman, presented a report concerning the valuation process and calendar.
- Contracts of service providers hired by the board were reviewed. The board voted to retain Jackson Walker as the fiduciary and benefit administration plan counsel, and for the review of investment counsel, retain the three law firms of Jackson Walker, DLA Piper and Vinson & Elkins, and to expand legal capacity by adding the following four new firms: Chapman & Cutler LLP, Foster Garvey P.C., Hirschler Fleischer and Norton Rose Fulbright US LLP.
- To develop the strategic goals of the organization (the Ends), the board annually gathers input from participating employers. The board approved staff's recommendation to gather input from employers through electronic surveys and field staff interactions.
- The board received the following updates that did not require board action: a report regarding progress on the information security program and an update on new services that have been recently implemented including co-browse and the ability for members to make changes to beneficiaries and payment information over the phone. In addition, they received an update on educational opportunities for 2022, a report from the deputy executive director on the building and interim hearing charges of the Texas legislature.
- The board adopted amendments to GP 5 to reflect the updated schedule for contract reviews and amended EL8 to reflect the updated schedule for required actuarial audits and to clarify that the investigation of experience actuarial audit is a peer review audit.

Note: *The official meeting minutes will be posted after the board approves them at their next meeting on June 16, 2022.*