

**Texas County & District Retirement System
Minutes of the Board of Trustees' Meeting
March 19-20, 2025**

The Board of Trustees of the Texas County & District Retirement System (TCDRS) met on March 19-20, 2025, in Austin, Texas, with the following trustees present:

Chair Mary Louise Nicholson
Vice-chair Deborah Hunt
James Bass
Chris Davis
Sammy Farias
Ronnie Keister
Chris Taylor
Holly Williamson

TCDRS Staff & consultants present:

Amy Bishop, Executive Director
Casey Wolf, Chief Investment Officer
Sandra Bragg, Deputy Investment Officer
Karen Correa, Deputy Executive Director
Jay Dyer, Deputy Executive Director of Government and External Relations
Ann McGeehan, General Counsel
Kathy Thrift, Chief Customer Experience Officer
Chris Bucknall, Director of Actuarial Services
Nathan Joiner, Director of Finance
Natalia Ashley, Senior Staff Attorney
Chad Estes, Systems Administrator
Colleen Clemens, Executive Office Coordinator
Matt Larrabee, Principal & Consulting Actuary, Milliman, Inc.
James Feidler, Managing Director, Cliffwater
Steve Nesbitt, Chief Executive Officer, Cliffwater
Alyca Garrison, Partner, Jackson Walker
Michael Manning, Chief Executive Officer, NEPC
Samuel Austin, Partner, NEPC
Timothy Bruce, Partner – Head of Portfolio Construction, NEPC
Keith Stronkowski, Principal & Senior Consultant, NEPC
Eileen Neill, Managing Director & Senior Consultant, Verus
Samantha Grant, Senior Consultant, Verus
Brian Kwan, Managing Director & Senior Consultant, Verus
Marc Gessell, Consultant, Verus
Spencer Edge, Portfolio Senior Analyst, Albourne
Trevor Lowman, Albourne
John Claisse, Chief Executive Officer, Albourne
Lucy Berrington, Client Relationship Manager, Albourne

1. Call meeting to order

Chair Nicholson called the meeting to order at 8:32 a.m.

2. Interview potential investment consulting firms

The Board of Trustees interviewed consulting firms, NEPC, Verus, Albourne and Cliffwater in accordance with the board's governance policy.

The board recessed briefly following the NEPC interview, from 10:12 a.m. to 10:30 a.m.

The board recessed for lunch at 11:52 a.m. and reconvened at 12:59 p.m.

The board recessed after the Albourne interview, from 2:20 p.m. to 2:31 p.m.

The board recessed after the Cliffwater interview, from 3:47 p.m. to 3:56 p.m.

3. Consider contracts for investment consulting

The board considered each investment consulting firm.

4. Recess of the Board of Trustees – the Board of Trustees will reconvene on Thursday, March 20, 2025 and 8:30 a.m. to take up the remaining agenda items

Chair Nicholson recessed the meeting for the day at 4:33 p.m.

5. Reconvene Meeting of the Board of Trustees

Chair Nicholson reconvened the meeting at 8:39 a.m. on Thursday, March 20.

6. Receive report of executive director

Amy Bishop, Executive Director, provided an update on year-end activities, including the production of member and retiree statements and IRS 1099-Rs. She also highlighted improved service levels in Q1, despite the busy season, and noted continued high levels of customer satisfaction.

Ms. Bishop reported on plan selections made by participating employers effective January 2025, noting that most employers maintained their current benefits. She also shared that TCDRS received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the 32nd consecutive year.

7. Receive report of fiduciary counsel

Alyca Garrison of Jackson Walker had no report for this meeting.

8. Public comment

No members of the public provided comments.

9. Consider consent agenda items

Karen Correa, Deputy Executive Director, presented four consent agenda items for approval.

9a. December 2024 regular meeting minutes.

9b. Quarterly financial statements as of December 31, 2024.

9c. Participation of six (6) districts to join the system: Gastonia-Scurry Special Utility District, Golden Crescent Regional Planning Commission, Harris County-Houston Sports Authority, Hays County Emergency Services District #9, Medina County Emergency Services District #4, Springs Hill Special Utility District.

9d. Employers' flat-rate COLA limit for 2026.

Motion: Trustee Williamon made a motion to approve the consent agenda items. Trustee Farias seconded. Motion carried.

10. Consider executive director's monitoring report

Amy Bishop presented the executive director's monitoring report, which included *EL1 – Global Executive Constraints*, *EL4 – Operational Budgets*, *EL8 – Plan Funding* and *EL10 – Pension Plan Financial Planning* and the quarterly *EL5 – Financial Activities*. Ms. Bishop discussed elements of each monitoring report and reported compliance with the executive limitations as required by the Board of Trustees' Policy Manual.

Motion: Trustee Farias made a motion to approve the executive director's monitoring report. Vice-Chair Hunt seconded. Motion carried.

11. Consider chief investment officer's monitoring report

Casey Wolf, Chief Investment Officer, presented the chief investment officer's monitoring report, which included the annual *EL1 – Global Executive Constraints*, *EL4 – Operational Budgets* and *EL10 Pension Plan Financial Planning* and the quarterly *EL5 – Financial Activities* and *EL11 – Investment Policies*. Mr. Wolf discussed various elements of each monitoring report and reported compliance with the executive limitations as required by the Board of Trustees' Policy Manual.

Motion: Vice-Chair Hunt made a motion to approve the chief investment officer's monitoring report. Trustee Williamson seconded. Motion carried.

12. Receive investment performance measurement and investment consultant reports

Casey Wolf and Cliffwater representative, James Feidler, presented the investment performance measurement and investment consultant reports for the period which ended December 31, 2024.

13. Receive education on capital market assumptions and asset allocation plan

James Feidler, Cliffwater, presented education covering asset allocation, capital market assumptions and how to manage risk in an investment portfolio.

14. Adopt 2025 capital market assumptions and asset allocation plan

Mr. Feidler presented Cliffwater's January 2025 capital market assumptions. Based on the updated forecasts, minor changes were recommended to asset class targets.

Motion: Trustee Keister made a motion to adopt the proposed 2025 capital market assumptions and asset allocation plan as recommended by Cliffwater and the Chief Investment Officer. Trustee Williamson seconded. Motion carried.

15. Consider amendment(s) and update(s) to investment policy

Casey Wolf presented recommended updates to asset class targets in the investment policy.

Motion: Trustee Davis moved to adopt the proposed changes to the investment policy. Vice-Chair Hunt seconded. Motion carried.

16. Consider allocation of 2024 investment results

Amy Bishop presented staff's recommendation for the allocation of the 2024 investment earnings. Based on the estimated investment gains as of Dec. 31, 2024, staff recommended an allocation of 8.5% to employers' total plan assets. The estimated impact of the recommendation is that the average employer contribution rate is projected to decrease from 12.06% to 11.90% of payroll. The reserves balance will increase to approximately \$3.1 billion, and the aggregate funded ratio is estimated to increase from 89% to 90%.

Motion: Trustee Williamson moved to approve the Resolution for the Allocation of 2024 Investment Results. Trustee Taylor seconded. Motion carried.

Resolution for the Allocation of 2024 Investment Results

In accordance with Section 845.315 of the TCDRS Act, the board of trustees shall annually make allocations that in aggregate equal the net investment income or loss for the year.

Therefore, be it resolved and ordered by the Board of Trustees of the Texas County & District Retirement System:

1. Pursuant to Subsections 845.315(a)(1), (2), and (4) of the TCDRS Act, the required interest allocations will be made to the Employee Savings Fund, the Optional Group Term Life Fund, and the Closed Subdivision Annuity Reserve Fund.
2. For purposes of determining the allocation to the account of each subdivision under Section 845.315(a)(5), the total assets of the subdivision are equal to the sum of the Jan. 1, 2024, balance of each participating subdivision's Subdivision Accumulation Fund and the subdivision's respective Employee Savings Fund. The allocation to each participating subdivision shall be determined by multiplying the subdivision's total assets as described by 8.5%. If needed, amounts shall be transferred from the general reserves to complete this allocation.
3. Pursuant to Section 845.307 of the TCDRS Act, the allocation to each participating subdivision is credited to the Subdivision Accumulation Fund effective Dec. 31, 2024, and equals the amount described in (2) minus the required interest allocated to the respective subdivision's Employee Savings Fund for 2024.

4. After the above allocations, any remaining net investment income amounts will be transferred to the general reserves account of the endowment fund effective Dec. 31, 2024, pursuant to Section 845.315(a)(3)

The board recessed for lunch at 12:16 p.m. and reconvened at 12:55 p.m.

17. Receive education on valuation and investigation

Matt Larrabee, Milliman, Inc., provided education on the valuation, how rates are calculated and how investment gains and losses are smoothed to provide stable rates for employers. Mr. Larrabee also provided an update on the upcoming investigation of experience study.

18. Consider arrangements and contracts for services from providers hired by the board

Ms. Bishop presented recommendations for the board's contracts with the medical board and the depository bank. The board discussed their options for investment consultants.

Motion: Trustee Taylor moved to authorize the executive director to negotiate and execute a contract with the depository bank, JP Morgan Chase. Vice-Chair Hunt seconded. Motion carried.

Motion: Trustee Farias moved to authorize the executive director to negotiate and execute a contract with the medical board. Trustee Davis seconded. Motion carried.

Motion: After discussion, Trustee Williamson moved to retain NEPC as TCDRS General Investment Consultant and retain Albourne as the TCDRS Alternative Investment Consultant. Vice-Chair Hunt seconded. Motion carried.

19. Consider means to be used by board to ensure linkage between board and member counties and districts

Kathy Thrift, Chief Experience Officer, presented the methods for gathering feedback from employers for the Annual Linkage Survey for trustee consideration. The presentation included both how feedback would be gathered and what the focus for the survey would be.

Motion: Trustee Farias made a motion to approve the adoption of the linkage plan as presented by the Chief Experience Officer. Trustee Davis seconded. Motion carried.

20. Receive operations report

Karen Correa, Deputy Executive Director, presented the operations report covering TCDRS Strategic Initiatives. She highlighted progress on the intelligent contact center, the member app, passkey technology to provide additional options for website authentication and continued work on network security.

21. Receive report from deputy executive director of government and external relations

Jay Dyer, Deputy Executive Director of Government and External Relations, provided the board with a brief update on the current legislative session.

22. Receive report on educational opportunities for 2025

Ann McGeehan, General Counsel Executive, presented a report on the board's governance policy *GP4 - Trustee Education* concerning trustee education requirements and guidelines. Ms. McGeehan reviewed the trustee education program components required by the Texas Pension Review Board (PRB) and by TCDRS Governance Policy — GP4 and discussed several potential training opportunities, including the TCDRS Annual Conference.

23. Receive report on review of administrative rules (34 T.A.C., Part 5, Chapters 101, 103, 105, 107, 109, 11 and 113) and proposed changes

Ms. McGeehan presented the proposed changes to the administrative rules being reviewed.

24. Receive report of chair

Chair Nicholson had no report.

25. Review governance policy can consider amendment(s) to the board's governance policy

Ms. Bishop presented the governance policies that were up for review in the first quarter according to the board's governance policy monitoring schedule. The policies up for review were *GP1 – Global Governance Commitment*, *GP – 2 Governing Style*, *GP3 – Board Job Description*, *BSR1 – Global Board-Staff Relationship* and *BSR2 – Unity of Control*. *GP 5 – Agenda Planning* was also presented with a recommendation to update the contract review dates for several services hired by the board.

Motion: Vice-Chair Hunt moved to approve the proposed changes to *GP – 5 Agenda Planning*. Trustee Williamson seconded. Motion carried.

26. 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*.

27. Adjournment

There being no further business to come before the board, Chair Nicholson adjourned the meeting at 2:11 p.m.

APPROVED BY THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM BOARD OF TRUSTEES ON THE 12TH DAY OF JUNE 2025.

ATTESTED BY:



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

06/13/2025

Date