

**Texas County & District Retirement System
Minutes of the Board of Trustees' Meeting
September 16, 2021**

Agenda Number	Description
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
a	June 2021 regular meeting minutes
b	Quarterly financial statements
c	Participation of new districts
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 Investment Grade Bonds and TIPS managers due diligence report
12	Consider amendment(s) and update(s) to investment policy
13	Receive report on customer feedback
14	Receive operations report
15	Review governance policy and consider amendment(s) to board governance policies
16	Receive report of consulting actuary
17	Executive session in accordance with Texas Government Code Section 551.071 for the purpose of seeking advice of legal counsel about pending or contemplated litigation on the following matter in which member data is disclosed and therefore the specific facts of the case are confidential under Sections 552.0038 and 845.115 of the Government Code: SOAH Docket No. 336-21-0673 concerning an appeal of TCDRS' determination regarding the beneficiary of a deceased TCDRS member.
18	Consider State Office of Administrative Hearings' proposal for decision
18	Receive report of legal counsel
19	Receive report of deputy executive director
20	Consider 2021 trustee meeting dates
21	Receive report of chair
22	Consider compliance at this meeting with board's governance policies
23	Adjournment

The Board of Trustees of the Texas County & District Retirement System met on September 16, 2021, in Austin, TX

Attendees:

Trustees:

1. Mary Louise Nicholson, Chair
2. Deborah Hunt, Vice-Chair
3. Tammy Biggar
4. Susan Fletcher
5. Chris Hill
6. Chris Taylor
7. Holly Williamson

Trustees Not Attending:

1. Chris Davis
2. Kara Sands

Staff:

Amy Bishop, Executive Director
Casey Wolf, Chief Investment Officer
Tom Harrison, Deputy Executive Director
Sandra Bragg, Deputy Investment Officer
Ann McGeehan, General Counsel
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:

Mark Olleman, Milliman, Inc.
Matt Larrabee, Milliman, Inc.
Kathy Barchick, Cliffwater, LLC
Chuck Campbell, Jackson Walker

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

4858 (agenda no. 1) Call meeting to order

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

4859 (agenda no. 2) Receive report of fiduciary counsel

Chuck Campbell, with Jackson Walker, had no report of fiduciary counsel.

4860 (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.

4861 (agenda no. 4) Public comment

No members of the public were present at this meeting.

4862 (agenda no. 5) Receive report of executive director

Amy Bishop, Executive Director, presented her report which included a recap of the TCDRS annual conference which was successfully held virtually on July 21-23. She also covered employer and member enhancements implemented during the second quarter of 2021 including a new report for employers to see employees that are not registered, the ability for employers to enter email addresses at enrollment so that we may conduct outreach for new members, and the successful results of a pilot web registration drive. She also gave an update on strategic projects currently underway and presented a review of the strategic planning process.

4863 (agenda no. 6) Consider consent agenda items

Amy Bishop presented four consent agenda items.

6a. Approval of June 17, 2021 regular meeting minutes.

6b. Approval of quarterly financial statements as of Jun. 30, 2021.

6c. Approval of participation of six new districts (Carson County Appraisal District, Fisher County Appraisal District, Harris Fort Bend Emergency Services District #100, Refugio County Water Control & Improvement District #1, Rockdale Municipal Development District and Southwest Fannin Special Utility District).

Motion: After discussion, Trustee Fletcher made a motion to approve the consent agenda items. Trustee Taylor seconded. Motion carried.

4864 (agenda no. 7) Consider executive director's monitoring report

Amy Bishop presented the executive director's monitoring report which included a review of performance against the Ends Policy (EI). Ms. Bishop also reviewed Executive Limitation 5 – Financial Activities (EL5). Ms. Bishop discussed compliance with each monitoring report and reported exceptions to EL5 Policies 3, 6 and 7.

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

4865 (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 Ends Policy (EI) report and the quarterly monitoring reports on Executive Limitation 5 – Financial Activities (EL5) and Executive Limitation 11-Investment Policies (EL11). Mr. Wolf discussed compliance with each monitoring report and an exception to EL5 Policy 3.

Motion: After discussion, Trustee Taylor made a motion to approve the chief investment officer's monitoring report. Trustee Williamson seconded. Motion carried.

4866 (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 which ended June 30, 2021.

4867 (agenda no. 10) Consider hedge funds, distressed debt, private real estate, opportunistic credit, direct lending and private equity investments

The report on hedge funds, distressed debt, private real estate, opportunistic credit, direct lending and private equity investments was combined with agenda item 4866 above.

Motion: After discussion, Trustee Taylor made a motion to accept 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 Biggar seconded. Motion carried.

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 September 16, 2021, 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 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

Accel-KKR Growth Capital IV
Cerberus Co-Invest 1
Cerberus Real Estate Debt II
Oak Street Real Estate Capital VI
400 Capital TX COF II (formerly approved as strategic credit fund of one)

Private Real Estate

Aermont V – Opportunistic
AG Realty Value Fund XI – Opportunistic
AG Asia Realty V – Opportunistic
* Artemis Real Estate Partners IV – Opportunistic
* Halstatt IV – Opportunistic
KSL VI – Opportunistic
Pennybacker VI – Opportunistic
Whitman Peterson Industrial Side Car – Opportunistic

Private Equity & Co-Investments

* Bluepoint V – Buyout
GTCR Strategic Growth – Buyout
* Thoma Bravo XV – Buyout
* Thoma Bravo Discover Fund IV – Buyout
* Thoma Bravo Explore II – Buyout
TSG Consumer 9 – Buyout
* Gilde Healthcare V – Non-US
Hillhouse Venture Capital VI – Non-US
Hillhouse Growth Equity VI – Non-US
IDG China Venture VII – Non-US
Joy Capital IV – Non-US
LSC V & Select II – Non-US
* Monterro IV – Non-US
DCVC Bio Opportunity Fund – Venture
NEA 18 & NEA 18 Venture Growth Equity – Venture
Spectrum Select Opportunities – Venture
TCV XII – Venture
The Column Group Fund V – Venture
Threshold IV & Select I – Venture
Carnelian IV – Real Assets

* 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 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>)

4868 (agenda no. 11) Consider Investment Grade Bonds and TIPS managers due diligence report

Kathy Barchick presented a formal review of the current TCDRS Investment Grade Bonds and TIPS managers. Ms. Barchick recommended retaining all three core fixed managers for their existing mandates and retaining Western Asset as an approved manager for the TIPS mandate.

Motion: After discussion, Vice-chair Hunt made a motion to approve Cliffwater's due diligence review report on the Investment Grade Bonds and TIPS managers and approve retention of PGIM, Jennison, Dodge & Cox and Western Asset for their current mandates. Trustee Fletcher seconded. Motion carried.

4869 (agenda no. 12) Consider amendment(s) and update(s) to investment policy

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

4870 (agenda no. 13) Receive report on customer feedback

Kathy Thrift, Chief Customer Officer, presented the annual assessment of customer feedback. The presentation focused on how feedback is collected, results from the collection methods and opportunities for improvement. Overall, employers and members are highly satisfied with TCDRS. Opportunities include enhanced education and communication, and improved access to and awareness of services.

4871 (agenda no. 14) Receive operations report

Amy Bishop gave a progress report on the TCDRS Strategic Plan 2021-2024. Ms. Bishop highlighted key accomplishments and discussed the plans to transition to a paperless model by the end of 2022. Projects that will be emphasized over the next year to ensure a seamless transition to paperless include co-browse capability in the call center, efforts to improve ease of access to the call center and the web, web registration campaigns, transition of paper account management processes to the web and an alternative path to be able to manage accounts for members that do not wish to register online.

4872 (agenda no. 15) Review governance policy and consider amendment(s) to board's governance policies

Amy Bishop presented *GP7 – Trustee Conduct*, *GP8 – Board Committee Principles*, *GP9 – Board Committee Structure* and *BSR5 – Monitoring Director & Investment Officer Performance* for board review. No amendments were made at this meeting.

4873 (agenda no. 16) Receive report of consulting actuary

Mark Olleman and Matt Larrabee, with Milliman, presented a report on the ongoing actuarial experience study. In their report, they highlighted the significance of the economic and demographic assumptions. Recommendations for any updates to the demographic assumptions will be presented at the December board meeting.

Mr. Olleman also discussed that there would be a replication audit performed by an independent actuary which will be completed prior to the December board meeting.

Note: The meeting was recessed for lunch at 11:54 a.m. and reconvened at 12:34 p.m.

4874 (agenda no. 17) Executive session in accordance with Texas Government Code Section 551.071 for the purpose of seeking advice of legal counsel about pending or contemplated litigation on the following matter in which member data is disclosed and therefore the specific facts of the case are confidential under Sections 552.0038 and 845.115 of the Government Code: SOAH Docket No. 336-21-0673 concerning an appeal of TCDRS' determination regarding the beneficiary of a deceased TCDRS member

At 12:35 p.m., Chair Nicholson recessed the open meeting of the board and convened an executive session in accordance with Texas Government Code 551.071 for the purpose of seeking advice of legal counsel about pending or contemplated litigation on the following matter in which member data is disclosed and therefore the specific facts of the case are confidential. The open meeting reconvened at 12:59 p.m. No action, decision or vote was taken by the board while in executive session.

4875 (agenda no. 18) Consider State Office of Administrative Hearings' proposal for decision

Motion: After discussion, Trustee Williamson made a motion to approve the Proposal for Decision as recommended by the Administrative Law Judge. Trustee Fletcher seconded. Motion carried with Nicholson, Hunt, Biggar, Fletcher, Taylor and Williamson voting in favor. Trustee Hill abstained.

4876 (agenda no. 19) Receive report of legal counsel

Ann McGeehan, General Counsel, had no report of legal counsel.

4877 (agenda no. 20) Receive report of deputy executive director

Tom Harrison, Deputy Executive Director, delivered the report on building operations. The building is currently 90% leased with vacancies being actively marketed. He also presented a report concerning the third special session where items to be covered include redistricting, COVID vaccine mandates and other charges. No pension charges are expected.

4878 (agenda no. 21) Consider 2022 trustee meeting dates

The board discussed the dates for the 2022 trustee meeting dates.

Motion: After discussion, Vice-Chair Hunt made a motion that the first through fourth regular meetings for 2022 be held on March 17, June 16, September 15 and December 8. Trustee Biggar seconded. Motion carried.

4879 (agenda no. 22) Receive report of chair

Chair Nicholson thanked the trustees and staff for their participation and emphasized the importance of being prepared to discuss the agenda items during the meetings.

4880 (agenda no. 23) Consider compliance at this meeting with the board's governance policies

The board discussed and determined its compliance with their governance policies during this meeting as required by Governance Process 5 – Agenda Planning (GP5).

4881 (agenda no. 24) Adjournment

There being no further business to come before the board, Chair Nicholson adjourned the meeting at 1:06 p.m.

APPROVED BY THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM BOARD OF TRUSTEES ON THE 2nd DAY OF DECEMBER 2021.

ATTESTED BY:



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



Date