

**Texas County & District Retirement System**  
**Minutes of the Board of Trustees' Meeting**  
**September 15, 2022**

**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 2022 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 amendment(s) and update(s) to investment policy   |
| 12 | Receive report on customer feedback  |
| 13 | Receive Strategic Plan 2023 – 2026   |
| 14 | Executive session in accordance with Texas Government Code Section 551.074 for the purpose of discussing personnel issues  |
| 15 | Consider budget amendment for building   |
| 16 | Review governance policy and consider amendment(s) to board governance policies  |
| 17 | Receive report of consulting actuary   |
| 18 | Receive report of legal counsel  |
| 19 | Receive report of deputy executive director  |
| 20 | Consider 2023 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 15, 2022, in Austin, TX

**Attendees:**

**Trustees:**

1. Mary Louise Nicholson, Chair
2. Deborah Hunt, Vice-Chair
3. Tammy Biggar
4. Chris Davis
5. Sammy Farias
6. Susan Fletcher
7. Chris Taylor

**Trustees Not Attending:**

1. Kara Sands
2. Holly Williamson

**Staff:**

Amy Bishop, Executive Director  
Casey Wolf, Chief Investment Officer  
Tom Harrison, Deputy Executive Director  
Sandra Bragg, Deputy Investment Officer – Operations  
Jon Shoen, Deputy Investment Officer - Investments  
Ann McGeehan, General Counsel  
Natalia Ashley, Staff Attorney  
Chris Bucknall, Director, Actuarial Services  
Karen Correa, Chief Administrative Officer  
Kathy Thrift, Chief Customer Officer  
Nathan Joiner, Accounting Manager, Finance  
Julie Dwiggin, Executive Assistant  
Tina Silguero, Records & Information Analyst  
Chad Estes, Business Analyst

**Consultants:**

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

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

**4954 (agenda no. 1) Call meeting to order**

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

**4955 (agenda no. 2) Receive report of fiduciary counsel**

Chuck Campbell, with Jackson Walker, explained why agenda item 3 (Executive Session for purpose of seeking advice of legal counsel) is a permanent agenda item, and how it is available if trustees need advice on a matter subject to attorney client confidentiality that relates to an agenda item matter.

**4956 (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.

**4957 (agenda no. 4) Public comment**

No members of the public were present at this meeting.

**4958 (agenda no. 5) Receive report of executive director**

Amy Bishop, Executive Director, presented her report which included a review of the successful TCDRS annual conference held on July 21-23. In addition, Ms. Bishop reviewed progress on strategic projects and highlighted a recent accomplishment that allows retirees to make beneficiary updates online. Finally, she reviewed planned milestones in the fourth quarter including the implementation of new tax forms, completion of our information security assessment, and our disaster recovery and penetration tests.

**4959 (agenda no. 6) Consider consent agenda items**

Amy Bishop presented four consent agenda items.

6a. Approval of June 16, 2022, regular meeting minutes.

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

6c. Approval of participation of six new districts (Coastal Plains Soil & Water Conservation District No. 317, Ector County Utility District, Frognot Special Utility District, Harris County Emergency Services District No. 16, Liberty County Housing Authority, and the Wilson County Emergency Services District No. 4).

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

**4960 (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 each monitoring report and reported compliance.

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

**4961 (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 (ELI 1). 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 Fletcher seconded. Motion carried.

**4962 (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, 2022.

**4963 (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 4962 above.

**Motion:** After discussion, Trustee Fletcher 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 Taylor 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 15, 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**

First Reserve Legacy Opportunities Fund – from First Reserve XII approved 3/6/08

**Direct Lending**

Pathlight Evergreen Fund

**Distressed Debt**

Signal Alpha Fund III

Silver Point Distressed Opportunities II

Taconic Credit Dislocation Fund IV

**Opportunistic Credit**

Alcentra Structured Credit Opportunities V

Irradiant CLO III

**Private Real Estate**

FCP Realty VI – Opportunistic

**Private Equity & Co-Investments**

\* Clairvest VII – Buyout

Cortec VIII – Buyout

\* Gemspring III – Buyout

Genstar XI & Opps II – Buyout

\* Greenbriar VI – Buyout

Hellman & Friedman XI – Buyout

Linden Co-Invest 1 – Buyout

Parthenon VII – Buyout

\* Sverica VI – Buyout

TA XV & Select Opps III – Buyout

\* Vistria V – Buyout

ZMC IV – Buyout

\* Gilde Healthcare Venture & Growth VI – Non-US

Summit Europe IV – Non-US

**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>)**

**4964 (agenda no. 11) Consider amendment(s) and update(s) to investment policy**

Casey Wolf discussed proposed amendments to the TCDRS investment policy to update the rebranded names of the direct lending benchmarks and clarify the description of the private real estate vehicle concentration to be consistent with other descriptions in the Investment Policy. See [Investment Policy](#).

**Motion:** After discussion, Trustee Hunt made a motion to amend the Investment Policy as presented by the Chief Investment Officer. Trustee Biggar seconded. Motion carried.

**4965 (agenda no. 12) Receive report on customer feedback**

Kathy Thrift, Chief Customer Officer, presented the annual assessment of customer feedback including how feedback was gathered and the results of the annual linkage survey. Overall, employers and members are highly satisfied with services TCDRS has provided. Opportunities include improvements to the employer portal, enhanced education, faster payment processing and additional self-service options.

**4966 (agenda no. 13) Receive Strategic Plan 2023 - 2026**

Amy Bishop presented the TCDRS Strategic Plan 2023-2026. The strategic initiatives include making plan administration easier for employers, creating exceptional member experiences, better preparing members for retirement, protecting sensitive information and engaging TCDRS employees and preparing them for the future.

**4967 (agenda no. 14) Executive session in accordance with Texas Government Code Section 551.074 for the purpose of discussing personnel issues**

At 10:38 a.m., the open meeting of the board was recessed. An executive session convened in accordance with Texas Government Code Section 551.074, to discuss personnel issues. The open meeting was reconvened at 10:55 a.m. No action, decision or vote was taken by the board while in executive session.

**4968 (agenda no. 15) Consider budget amendment for building**

Amy Bishop presented a proposal to consolidate and remodel the space that TCDRS occupies in the building which TCDRS owns.

**Motion:** After discussion, Trustee Taylor made a motion to approve the budget amendment to remodel the 4<sup>th</sup> and 5<sup>th</sup> floors. Trustee Fletcher seconded. Motion carried.

**4969 (agenda no. 16) 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.

**4970 (agenda no. 17) Receive report of consulting actuary**

Matt Larrabee, with Milliman, presented an update on the valuation process and funding.

**4971 (agenda no. 18) Receive report of legal counsel**

Ann McGeehan, General Counsel, reported on the status of the appeal pending in Travis County concerning a benefit matter.

**4972 (agenda no. 19) Receive report of deputy executive director**

Tom Harrison, Deputy Executive Director, delivered the report on building operations. The building is currently 100% leased.

**4973 (agenda no. 20) Consider 2023 trustee meeting dates**

The board discussed the dates for the 2023 trustee meeting dates.

**Motion:** After discussion, Trustee Davis made a motion that the first through fourth regular meetings for 2023 be held on March 9, June 22, September 14 and December 7. Trustee Fletcher seconded. Motion carried.

*Note: Chair Nicholson left the meeting at 11:26 a.m. Vice-Chair Hunt began presiding over the meeting and there were six trustees in attendance for the remainder of the meeting.*

**4974 (agenda no. 21) Receive report of chair**

Vice-Chair Hunt had no report for this meeting.

**4975 (agenda no. 22) Consider compliance at this meeting with the board's governance policies**

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

**4976 (agenda no. 23) Adjournment**

There being no further business to come before the board, Vice-Chair Hunt adjourned the meeting at 11:50 a.m.

**APPROVED BY THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM BOARD OF TRUSTEES ON THE 8th DAY OF DECEMBER 2022.**

**ATTESTED BY:**

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

  
\_\_\_\_\_  
Date